

World Business Newspaper http://www.FT.com



We will be the Money

 $B_{3,3,2} \cdot \tau = \tau$

Medical Code

والمستحدث

His march

e state

ಒಳ್ಳಿಗೆ ಪತ್ರೀ ಉದ್ಯಕ್ತ

1. 1. 2. 2. 2. 2. 2.

And the second

أأنا عوماة ومماء

1996 1 1997

4.00

Activities the second

1. 4. ...

المعالج الأراا ولأنفر

4.

42.

490 - 40-400

gradient de la company

fel en "

± + ≠=> °

معطية الم

1000

6 28 4 - A 11 1

#24 become

المعرضية، ي

and Alteria

4.75%

er in the production of ٠٠٠ <u>- المنابع</u>ة

* 1. 18°

.. 5 ---

94 3 7 B

THE STATE OF THE S

me to recreate

Paper industry The cost of regarding customers as enemies Management, Page 10

THURSDAY APRIL 16 1998

Serbia **Economy creaks under** sanctions and old socialism Page 3



Russia is Yeltsin entering

a political cul-de-sac?

World Energy Review

Europe prepares for electricity competition

Survey, separate section

WORLD NEWS

Yeltsin reported to have split with Berezovsky over use of influence

Russian president Boris Yeltsin was reported to have split with Boris Berezovsky, influential busi-nessman and self-styled presidential adviser, over Mr Berezovsky's attempts to influence the formation of Mr Yeltsin's new government. Page 2

Kohi acts to control coalition German chancellor Helmut Kohl acted to keep control over his governing coalition by giving personal support to Wolfgang Schäuble, parliamentary leader of his Christian Democratic Union and Mr Kohl's designated successor. Page 2

Brussels 'falling consumers' Consumer groups accused the European Commission of failing to protect the interests of EU citizens who will have to cope with the new single European currency. Page 2

Construction boom in UK French and German construction workers are being lured to Britain

by plentiful work, the Royal Institution of Chartered Surveyors said. while skilled building workers who moved out of the UK to work in the early 1990s are flooding back.

Drugs seized in Channel tunnel Police seized 350,000 Ecstasy pills and 10kg of cocaine in a forry travelling through the the Channel tunnel from France to the UK. The drugs were valued at more than £1m (\$1.7m).

Warning on Asian stability A sharp increase in Asian unemployment and the weakness of social protection schemes raises a risk of instability in countries hit by the regional economic crisis, the International Labour Organisation warned. Page 8

The Czech lower house of parliament ratified the country's membership of Nato despite doubts about both the public's entiruslasm for joining and the readiness of the armed forces, Page 3

Leaders set for Americas summit Leaders of all but one country in the western hemisphere (Cuba is excluded) will meet for their second Summit of the Americas at the weekend in Santiago, Chile. Page 5

Hybrid cars criticised The new generation of hybrid electric cars, which combine electric and diesel power, is unlikely to meet environmental standards, the US National Research Council

Earthquake hits eastern Russta An earthquake rocked Russia's far eastern Kamchatka peninsula. No casualties or damage were

Ex-Venezuelan president held Former Venezuelan president Carlos Andrés Pérez was placed under house arrest on charges that he and his female companion embezzied state funds.

El Salvador sets an pensions El Salvador has become the first country in Central America to launch private pension funds.

US tax computers 'cannot cope' Computer systems at the troubled US tax service are unable to cope with the widespread desire to modernise the internal Revenue Service, the head of the IRS admitted. Page 5

New York; keechtiene Door Jones kid Ar

ope and fat Bust

US LUNCHTURE RATES

Pederal Femiles 5.093% June Trees Bles: Yel 5.093% Long Bong 5.909%

____71% ____10.9688

.. 108.16

DAX FTSE 100

YEAR RATES

Bergeony: 10 yr Bland

BUSINESS NEWS

GEC-Aisthom parents plan to draw \$1,3bn special dividend

GEC of the UK and Alcatel-Alsthom of France are planning to draw a special dividend of about Ecu 1.2bn (\$1.3bn) from their joint venture GEC-Alethom before floating the company later this year. Page 15; Observer, Page 13; £4bn moment, Page 21

Mediaset and Rupert Murdoch's News Corporation are in contact despite the refusal of Silvio Beriusconi, former Italian Prime Minister, to sell his controlling stake in the italian television group to the Australian media tycoon. Page 19

Cable and Wireless of the UK and Telecom Italia cemented their week-old relationship with an exchange of assets expected to be worth more than \$2bn to the UK company. Page 15; Lex, Page 14:

Mannesmann, the German conglomerate, detailed a DM19bn (\$10.5bn) investment plan to further its embition of becoming Europe's leading private telecoms company. Page 19

Societe Européanne des Satellites' shareholders voted unanimously to float the company, which owns Astra satellites, on the Luxembourg stock market. Page 16

oelca, UK radio telecoms operator,

saw its shares rise almost 20 per cent to 811/2p after it reported encouraging fourth-quarter operat-ing statistics. Page 21

Charles Schwab, the US's largest discount stockbroker, reported first-quarter profits well below Wall Street expectations. Page 15

AMR, parent of American Airlines, the second biggest US carrier, reported soaring profits for the first quarter and announced that Robert Crandall had decided to retire on May 20. Page 18; Observer, Page 13; Lex, Page 14

BankAmerica, which earlier this week announced it was merding with NationsBank, released earnings figures for the first quarter which were comfortably ahead of Wall Street expectations. Page 17

Boodyear, US tyre manufacturer, reported a dip in first-quarter sales to \$3.1bn caused by the strength of the US dollar and weakness in Asjan markets, Page 17

Call-Net Enterprises, Canadian longdistance telecoms carrier, announced a C\$1.6bn (\$1.1bn) bid to buy Fonorola. Page 18

Unises, US computer group, tripled net income to \$63m in the first quarter of 1998, aided by strong growth in Information technology services. Page 17

Kila Motors, South Korea's third biggest carmaker, saw workers down tooks in protest over the arrival of a court-appointed receiver. Page 15

All Nippon Airways' pilots' strike has cost the Japanese airline at least Y1.8bn (\$14m) over the past 10 days and shows no sign of coming to an end. Page 20

China is alming to remove preferential tax rates for foreign businesses by 2000, bringing them in line with the higher rate paid by Chinese enterprises. Page 8

World Equity Markets The latest trands and data from more then 50 national markets at a giance

\$107.45

£0375

(307.9)

COCUS.95

(3,0392)

G7 puts pressure on Japan to stimulate its ailing economy

Fears for world growth as fiscal package fails to impress

By Robert Chote in Washington

The Group of Seven leading industrial countries yesterday stepped up the pressure on Japan to revive its ailing economy amid scepticism about the effectiveness of its latest fiscal stimulus package, announced last week. The G7 fears that if Japan fails

to reflate its economy with permanent tax cuts and welltargeted spending increases, this could create further instability in Asia and prompt a steeper slowdown in world economic growth.

Officials said that with the impact of the package still highly uncertain, the best finance ministers could hope for at their meeting in Washington was evidence of greater political will from the Japanese authorities. They expressed frustration that there had not been enough time before the meeting to evaluate the pack-

The weakness of the Japanese economy was illustrated by data yesterday which showed that year-on-year Tokyo department store sales plunged in March by more than 20 per cent, the worst fall since records started in 1965. The sales data are the first important economic figures pub-

Gordon Brown, the UK chan-

cellor, described Japan's latest the architecture of the internastimulus package as "a step in tional monetary system made the right direction", a cautious necessary by the recent financial assessment shared by other ministers.

Theo Waigel, the German finance minister, warned that structural reform was crucial to recovery in Japan. Economists at the International Monetary Fund believe it

should be sufficient to restore positive growth in the second half of this year after a technical recession in which output falls for two consecutive quarters. The Japanese government has

become increasingly irritated by criticism of its domestic policies from the other G7 members - the US, Germany, France, Italy, the UK and Canada. But Robert Rubin, the US trea-

sury secretary, argued that the international pressure on Japan was no different from that directed at the US budget deficit in the 1980s.

Officials said the finance ministers would warn again that Japan should not rely on a weak yen to export itself out of trouble. The Bank of Japan intervened to support the yen last week, a move comed by the US Treasury. Aside from the situation in

Japan, the other main topic on the G7 agenda was the reforms to

necessary by the recent financial crises in several Asian countries. The ministers agreed that countries' financial systems should be placed under greater international scrutiny, but opinions differed on how best to do

The most radical proposal came from Canada, which wants a new international institution to oversee national regulatory and supervisory regimes. Mr Brown said he had sympathy with this proposal but would prefer the setting up of a joint financial sector

unit by the IMF and World Bank. UK officials fear the Canadian scheme will take too long to get up and running and that best use should be made of existing institutional structures.

Mr Brown also proposed that the IMF create a code of good practice on financial and monetary policy, in consultation with the World Bank and the Bank for International Settlements. He said the DMF should be ready to publish its views on the strength of national financial systems and regulatory regimes.

Call for standards, Page 4 Personal view, Page 12 Editorial Comment, Page 13



Former South African president P.W. Botha leaving court yesterday. The 82-year-old faces a charge of defying a subpoena to testify before the Leountry's Truth and Reconciliation Commission, Page 4. Picture Reuters

Tehran mayor bailed amid political tension

Iranian authorities yesterday released on hail the mayor of Tehran, whose arrest on charges of corruption had provoked police clashes with students and a power struggle between his moderate supporters and his con-

servative opponents. The most important factor behind Gholamhossein Karbaschi's release was the determination of both sides in the struggle not to allow political emotions to smill on to Iran's streets, western diplomats said.

"Once that happens, as it did when Iran's victorious soccer

squad returned to Tehran last December, anything can happen," one embassy source said. More than 100,000 people, including 5.000 women who had been forbidden to go, poured on to the streets to welcome the team.

In the past, public demonstrations that have got out of hand have resulted in the collapse of the government. This happened in 1906, 1950 and 1978-79. The 44-year-old mayor was

arrested on April 4 on embezzlement charges. He has become the focus of a power struggle between reformers who support President Mohammad Khatami and the government, and conser-

vative traditionalists, typified by Ayatollah Ali Khamenei, Iran's the judiciary's failure to specify spiritual leader.

support after his runaway victory in last year's presidential elec- government. tion. But the conservatives control many levers of power, including the judiciary, the police and security apparatus, the Revolutionary Guards and the armed forces. Conservatives also have a

majority in the parliament. Mr Karbaschi was widely seen as the political victim of conservatives working through Ayatollah Mohammed Yazdi, the head of the judiciary and an opponent of economic and social reforms.

Many saw the mayor's arrest, charges and its refusal to allow Mr Khatami has nationwide Mr Karbaschi's lawver to visit him as aimed at weakening the

> Although Mr Khatami has been careful, according to Tehran analysts, to confine himself to appeals for restraint and the rallying public support for the upholding of "civil law", his supporters protested publicly against the arbitrary arrest of a popular public figure and the conservatives' constant sniping at the

popularly elected government. Almost 700 mayors published statements supporting Mr Khatami and criticising Mr Karbas-

chi's arrest. Among Mr Khata mi's supporters, Faezeh Hashemi, the outspoken daughter of the former president Hashemi Rafsanjani, who was influential in winning moderate female voters for Mr Khatami last year, and Abdollah Nouri, the interior minister, have been conspicuous in

mayor. They were backed by Mr Khatami's supporters at Tehran university, who clashed with militants and police during demonstrations in support of the government and Mr Karbaschi held in spite of government appeals not to do so.

Japanese gangsters could target US buyers of bad loans

By Gillian Tett in Tokyo

Japanese gangsters are posing new risks for some US investors that have bought bad loans from Japanese banks, according to bankers and security officials.

Some of the property put up as security for loans is linked to criminal gangs known as "yakuza", they say. The yakuza often use violence to block attempts to foreclose on loans. Fears that US companies could become targets have been fuelled by a recent fire at the Tokyo house of an executive of Cargill, the US group, which has been aggressive in Japan's bad loan market. Cargill acknowledges the

incident occurred, but refuses to comment Harry Godfrey, managing director of Kroll Associates, the US investigation agency, said: Foreign investment companies are entering a market that until now has been controlled by the

Japanese, including the yakuza." Steven Weiler, analyst at Jardine Fleming, said: "The yakuza are a huge issue for US investors now. Some foreign companies who have arrived here are very inexperienced and had not realised what they have now got themselves into."

Some property-related loans being sold by Japanese banks are offered at between only 7 and 20 acts."

per cent of face value. This has attracted the overseas investors especially US firms. Those thought to be interested include Goldman Sachs, Morgan Stanley, Credit Suisse First Boston, Cargill, Loan Star, Deutsche Morgan Grenfell and Bankers Trust.

ever, Jardine Fleming estimates that total deals may have reached some Y3,000bn (\$23bn) at book value in recent months. Total problem loans in the Jap

anese banking system are estimated to be about Y77.000hn. Japanese banks deny they are deliberately selling yakuzarelated loans to foreigners. But Mr Godfrey said that, in some portfolios offered to foreigners, "around half of the loans have ouestionable backgrounds".

US investment groups refuse to comment publicly, but some companies have accepted yakuzarelated loans on a zero-value basis as part of a portfolio. One investor said: "You cannot

cherry-pick from a portfolio that

is offered. So you accept that there are loans you cannot collect without unacceptable risk." A foreign investment banker said: "There are some investors here who are being very naive now. My fear is that it will take something nasty to happen before the Japanese government

CONTENTS

World News 2-8 UK News 9 Features 10 Comment & Analysis 12.13 Companies & Finance 15-21 World Stock Markets 28-34

Full contents and Lex back page

This announcement appears as a matter of record only

DM 45,700,000 PRIVATE PLACEMENT



EVOTEC BioSystems GmbH

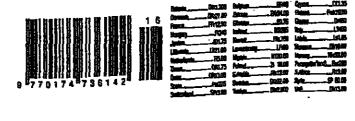
Institutional Equity Co-Led by HSBC Private Equity

Deutsche Bank AG

Underwritten by **HSBC Private Equity** Deutsche Bank AG TVM Techno Venture Management Hamburger Sparkasse



Advised in Germany by HSBC Private Equity GmbH Steinstraße 1-3/Königsallee, 40212 Düsseldorf Tel: +49 211 8676 930 Fax: +49 211 8676 939 REGULATED BY IMRO



WORLD MARKETS

(+12.96) (+20.13)

(+17.95) (+13.69) (+30.0) (+21.95)

(13.13)

© THE FINANCIAL TIMES LIMITED 1998 No.33,574 London · Leeds · Paris · Frankfurt · Stockholm · Millan · Hedrid · New York Lox Angeles · Tokyo · Hong Kong

WORLD NEWS

Brussels 'failing consumers' ahead of euro

By Emma Tucker in Brussels

Consumer groups yesterday accused the European Commission of failing to protect the interests of millions of EU citizens who in four years' time will have to cope with the new single European currency. Beuc, the European con-

sumers organisation, said that binding legislation should cover critical issues such as the dual pricing of goods during the transition from national curthe charges levied by banks

Kohl acts

to assert

coalition

Chancellor Helmut Kohl of

Germany attempted yester-

day to reassert control over

his fractious governing coali-

tion by offering strong per-

sonal support to Wolfgang

Schäuble, parliamentary leader of his Christian Dem-

By Raiph Atkins in Bonn

control

over

for converting accounts.
In recommendations set

out yesterday, the Commission shied away from legislation to ensure a smooth transition to the single currency. Brussels is relying on goodwill and competitive pressures to ensure banks and retailers are not tempted to prices. abuse consumers during the handover from national currencies to the euro.

These issues are absolutely fundamental for consumers in the transition currency," said Katrin tained the option of legislat-

adviser.

"Consumers want to be rioned off when the currency changes and they want to what these new amounts in euros mean compared with their familiar tion had ensued as a result.

However, the Commission has undergone ferocious lobbying from retailers and banks that argued that binding measures would impose punitive costs. Mario Monti, from their national money to a totally new and unfamiliar commissioner for the single market, said Brussels main-

Schweren, Beuc's economics ing later if the voluntary approach did not work.

He pointed out that a nonsure they aren't going to be binding code of conduct on cross-border payments had heen insufficient to stop banks from double charging consumers and that legisla-

The Commission hopes that its recommendations which will apply only to countries adopting the euro - will be endorsed by the member states at a special summit at the beginning of May to determine which countries become founder members of the euro.

states that banks should not retailers choose to price charge for: ·

The conversion of incoming and outgoing payments do so. Beuc fears with no denominated in euros or the national currency during the transitional period.

accounts from the national

currency to the euro either during or at the end of the transitional period. ■ The exchange of household amounts of national banknotes and coins for euros when the single cur-

The second aims for clar-

rency is introduced.

does not oblige retailers to obligation retailers will be tempted to use the transition to raise prices by exploiting ■ The conversion of consumer ignorance of conversion rates and rounding prices upwards.

goods in both currencies but

The third recommendation invites member states to monitor the practical aspects of introducing the euro by setting up decentralised observatories which could also serve as a source of

Possibility of open

vote in Duma

on Kiriyenko

Both sides raised the stakes

legistature over the nomination

The Duma, the lower house

of parliament, yesterday passed

open ballot on the second vote

a motion that could allow an

ter, writes Charles Clove

of Sergei Kiriyenko as prime

yesterday in the struggle between Russia's president and **NEWS DIGEST**

SINGLE CURRENCY

Dutch threat raises stakes over Italian budget

Gerrit Zalm, the Dutch finance minister, yesterday warned parliament that his country might vote against Italian membership of the single European currency at a European Union heads of government meeting in May.

"If the Italian parliament does not support the government's proposals regarding its draft budget, the Netherlands will vote against Italy's participation in the euro," Mr Zaim told pariament during a debate on European economic and monetary

.

p ---

 $\mathbf{y}_{i}^{m}\mathbf{x}^{m}$

good conditions" gentle it is affice and

hour stormach communications and the see

for pro

By Selina Williams, on the areas

this year

 $\text{Restore} < N_{\rm A}$

1, 11 of 16

As propo-

Kowham and a

dent of Xarra

Mar Arter Commence of the Comm

between Armer Commencer Co

SA-TOUT MAY BE A MADE OF A

the territory and a second

lack of progress.

tions will end or or or or or

the stability

Transcauce (1)

would partiage or the state

Azerbaijan

oil companies and a constant

billions of distinct

ment in c

Mr Keethare and the same

of the Orthogon C.

Thy and Comment of the

Europe's prop.

bring down it.

trossian, the parties of the same

streng p

Nagorno Karatina a a tra

he's been party and the state of

and His roots

Degration pro-

ficulty study or the control of the

hope wealth to the contract of the contract of

perty for an accommendance

chest by the War Colonial

The PS Who was a man

Graphs hold to the state of the

nome interest on the standing

has been justified to the second

cal southment of the 2.

Single physical artists and account of the physical artists are presented as a physical artists and account of the physical artists are presented as a physical artists and account of the physical artists are presented as a physical artists and account of the physical artists are presented as a physical artists and account of the physical artists are presented as a physical artists and account of the physical artists are presented as a physical artists are pr

depute PS arrange and

July 4 Sethato

has month that we have the

man house and the same

the Parket of Wald

the Breath of L. 1975

Plies in the contract of the c

hog Argonia

PM Tradition (Action action

Russia, har to a thir train.

happing the second state of the country

Conflict a formal formal as the first formal formal as the first formal formal

the about the state of the large

the front tie Carrier and the

more and highly prices

Armenia has been keeps the and an experience of the state of the st

Armena . Charles La Harding Villages

mai in Year.

Robert Keyland on the care

baijan, a hoste stave e seestee

The Italian government has received broad backing this week from its political ailies for a draft budget that is to be published formally tomorrow.

But although an attempt will be made to get the draft budget - known in Italian government circles as the DPEF approved by a parliamentary commission before the EU summit on May 2, there are still no firm guarantees that this will take place. James Blitz, Rome

GERMANY AND EMU

Bundesrat support expected

The finance and European committees of the Bundesrat, Germany's second chamber of parliament, yesterday recommended that the chamber support Germany's participation in European economic and monetary union (Emu).

The Bundesrat is expected to back overwhelmingly Chancellor Helmut Kohl's plan to sign up for Emu in a vote on April 24. But the states of Bavaria and Saxony abstained in yesterday's committee votes, because of the "weak formulation" of a statement on the high indebtedness of countries such as Italy and Beloium.

Bayaria said its move was not aimed at blocking the euro, but at insuring the stability of the new currency. The Bundestag, or lower house, will hold a similar vote on April 23, which is also regarded as a formality. The Bundesrat represents Germany's 16 federal states. Pro-

vincial premiers such as Bavaria's Edmund Stolber and Saxomy's Kurt Biedenkopf had expressed reservations over giving up the sturdy D-Mark for the untested euro. Germany is expected to support an Emu starting line-up of

11 countries, but is pressing Italy and Belgium to make binding commitments to cut back borrowing. Reuters, Bonn

ROMANIAN POLITICS

Parliament backs cabinet

Romania's parliament gave overwhelming backing yesterday to a cabinet headed by Radu Vasile, the country's new prime minister, and a programme of accelerated market reforms A joint session of parliament's two chambers approved Mr ile's cabinet and its programme by 317 votes to 124.

"I hope to remain prime minister until the year 2000, because there is no room in our country for early elections," Mr Vasile told the assembly after the vote.

The outcome of the ballot, shown live on television, ended months of turnoil within the centrist coalition which virtually halted reforms intended to bridge the growing gap in living standards with Romania's ex-communist neighbours. Mr Vasile was appointed this month after his predecessor Victor Ciorbea, resigned in the face of demands from the ...

coalition's second largest party, the Social Democrats, to make way for a more reform-minded successor. Mr Vasile, who earlier told members they had a year to ment change, was due to leave today on a tour of centrail Romania. He officially takes over after his cabinet is swom in by President Emil Constantinescu tomorrow.

KURDISH CONFLICT

Reuters, Bucharest

Turkish operation kills 75

Seventy-five people have been killed in a Turkish military operation against Kurdish rebels in the mountainous south-east of the country, military officials said yesterday. They said 64 Kurdistan Workers Party (PKK) rebels and 11 Turkish security force members were killed in two days of clashes around Cudi Mountain, near the Iraqi border. "This operation has dealt a heavy blow to the organisation. It will continue," one of the officials said.

Turkish F-16 fighter jets took off from a military base near the regional capital of Divarbakir on bombing missions against rebels, witnesses said. Up to 20,000 troops were involved in the operation along the length of Turkey's border with Iraq, the officials said. Reuters, Divarbakir, Turkey

SWEDISH TELECOMS

internet telephone service

Some 800,000 telephone subscribers in Stockholm will from next month be able to make voice calls via the internet as a result of a service unveiled yesterday by Glocalnet, a privately owned Swedish internet network company, and Stockholm Energi, the municipal power utility.

The companies claimed the joint venture was the largest project of its kind in the world. Stockholm Telecom, a Glocalnet subsidiary, said routing calts via the internet could out call

charges by up to 50 per cent.

Rod Bishti, Stockholm Telecoms managing director, said that although the scheme would be confined initially to Stockholm Energi customers, a nationwide service would be launched in September. Stockholm Energi customers will be offered the option of making International calls and calls to cellular phones via the internet instead of through existing terrestrial and mobile networks.

Internet telephony is seen as a threat to the traditional business of large established telecoms operators. Although voice quality is trequently poorer than via a traditional phone link, switching calls through excess internet capacity normally reserved for data traffic can significantly reduce tariffs for users. Greg Mcivor, Stockholm

SPANISH INFLATION

Consumer prices stable

An expected rise in Spanish inflationary pressures failed to materialise last month, with no change in the consumer price index published by the national statistics institute. This meant that prices showed no increase overall in the first quarter of the year. The 12-month headline rate was the same as the previous month at 1.8 per cent, However, Cristóbal Montoro, state secretary for the econ-

omy, warned that a "slight resurgence" was still expected in the coming weeks. He was optimistic that the target of 2.1 per cent for the year, against 2.0 per cent in 1997, could be met but would require moderation in wage demands.

Underlying inflation, omitting volatile tresh food and energy prices, dropped to 2.1 per cent in the 12 months to March, from 2.2 per cent in February.

Trade unions and employers' organisations called for a further interest rate cut, but analysts expected the Bank of Spain to maintain its cautious stance and wait until after the European Union summit in May. David White, Madrid

Signs grow in Moscow of 'split' between Yeltsin and Berezovsky

By John Thombili and Charles Clover in Moscow

Sovietologists would scour the newspaper Prayda (Truth) to divine what was nappening in the Kremlin. These days, as one political analyst noted, there is a "plurality of Pravdas" each newspaper, controlled by a different financialindustrial group, prints its own heavily slanted portion of the truth.

ocratic Union (CDU) and Mr But yesterday, for once, there was unanimity. All the Kohl's designated "crown papers suggested that Presi-Mr Kohl's intervention foldent Boris Yeltsin had split lowed more than a week of with Boris Berezovsky, the public rows within the Bonn influential businessman and coalition, first over a draft self-styled presidential programme published by Mr adviser, who claimed a hand in last month's dismissal of Schäuble for federal elections in September and then Victor Chernomyrdin as over Mr Schäuble's claim to prime minister. be a possible future candi-This could perhaps be seen

as a further step in Mr Yelt-

sin's campaign to remove

"politics" from the business

of government and end

crony capitalism in Russia.

Sergel Kiriyenko, Mr Yelt-

sin's prime ministerial nomi-

date for chancellor. The rows between the CDU and the Christian Social Union (CSU), its Bavarian sister party, have knocked off course Mr Kohl's plans for winning his fifth election as chancellor on September 27.

The CSU objected to proposals in the draft election programme for higher energy taxes. The Bavarian party's antagonism towards Mr Schäuble also reflected fears the CDU's parliamentary leader might support a 'grand coalition" the Christian Democrats and opposition Social Democrats

led by Gerbard Schröder, premier of Lower Saxony. Such a coalition would leave the CSU marginalised. Mr Kohl vesterday instructed Peter Hintze, CDU party secretary, to make clear Mr Schäuble remained his desired successor "at the appropriate time". But Mr Hintre added the CDU had always discussed its candidates for chancellor with the CSU and would not break the tradition. Such questions

joint candidate for the 1998-2002 legislative period". Mr Hintze said Mr Schäuble had taken a leading role in CDU electioneering. including overseeing drafting of its programme. The party still hoped to draw up a joint election statement

were not relevant as "the

CDU and CSU have with

Chancellor Helmut Kohl a

Mr Kohl's intervention appeared last night to have had some success in calming tension in the coalition. Edmund Stolber, independent-minded CSU premier of Bavaria, joined appeals for an end to personality debates. The CDU and CSU would go into the election campaign behind Mr Kohl and "for that reason, any discussion about personalities is not only senseless but also damaging", he said.

FINANCIAL TIMES
Published by The Francial Times (Europe)
GmbH Nibelumenplatz 3, 80518 Frankfort am Mam, Germann. Telephone ++39
of 15 850 Fax ++30 of 5th 4881 Reporsented in Franklint by J Walter Brand,
Wilhelm J Brussel, Colm A, Romand av
Geschalistiturer and in London by David
GM Bell, Chamman, and Almo C Milles,
Deputy Chamman. The shareholder of the
Frankani Times (Europe) GmbH in Pearson Overwan Holdings Limited. 3 Burlington United States (1) Burlings
for Exchange of this company is Pearsent
ple, registered at the same address
GERMANY: FINANCIAL TIMES GERMANY:

Responsible for Adverting content: Colin A. Kennard, Printer: Hornyet International Virtlapsystellichaft mbH. Adment-Rosendald-Strate V. 63-73 New bendury ISSN 0174-7364. Responsible Editor: Reduct Lambert, etc. The Francial Times Limited Number One Southwark Bridge, London SEI 9HL.

Problema Director, P. Maravigla, 42 Rue La Borie, 7508 PARIS Telephone (01) 5176 N.54, Fax (01) 5376 E253 Printer S.A. Nord Echar, 1521 Roe de Caire, F-9100 Rouban, Codet I, Edmor Richard Lambert, ISSN 1148-2753 Commission

CECULAR STATES Responsible Publisher Hugh Carney, 468 616 6088. Printer AB Kvållstidningen Expressen. PO Box 6007, \$-559 06. Joshspong.

C The Financial Times Limited 1998. Editor Richard Lambert, of The Financial Times Limited, Number One Southwark Bridge, Limited SEI 9HL.

In Communist times,





ovsky fleft) and Yeltsin. Berezovsky claimed hand in Cher

have been conducting a rather unsubtle campaign to frustrate Mr Kiriyenko's candidacy and have Ivan Rybkin, a deputy prime minister and former parliamentary speaker, installed in his place. Mr Berezovsky developed a close relationship with Mr Rybkin when they worked together at the secu-

nee, has said he has already come under pressure from rity council. Both the Kommersant and some of Russia's powerful magnates who have offered Komsomolskaya Pravda him their "help". But the 35newspapers reported yesterday that Mr Yeltsin had year-old former energy minister vowed he would - as strongly criticised Mr Bereinstructed by Mr Yeltsin zovsky behind closed doors nursue an independent at an awards ceremony in course in government if con- the Kremlin on Monday.

And, so far, Mr Kiriyenko appears to have been good to ated by Mr Berezovsky's recovery. "Every day that vate suggests the business his word. He has resisted the attempts to influence the forovert pressure from big busimation of the new governness to change the terms of the forthcoming privatisa- directly and threatened to tion of Rosneft, the stateexpel him from the country. Mr Yeltsin's wife, Naina, is practically paralysed adviser. owned oil group.

Mr Berezovsky appears to also reported to have taken personal offence at Mr Berezovsky's claims to influence the president's family. The rumours of a rift

between Mr Yeltsin and Mr Berezovsky have perhaps been given additional credence by the stance adopted by Mr Berezovsky's own newspapers. These have continued a steady attack on the sident's decision to back Mr Kiriyenko - and on the president himself. Nezavisimaya Gazeta, one

of Mr Berezovsky's chief media outlets, said Mr Yeltation and was cal paper reports, Mr Yeltsin doing great damage to the Yeltsin has so far only critichad said he was so infuri- country's hopes of economic ised Mr Berezovsky in pri-Russia costs the country a erable influence within the ment that he telephoned him directly and threatened to per said. "The economy and Tatyana Dyachenko, the Democrats, if elections were to

net of ministers."

tre, a political research institute, said it was sin was keen to extract himself from Mr Berezovsky's o-warm embrace". threat to Berezovsky because of his controversial

reputation," Mr Piontkovsky said. "His only power base in Russia is his link to Yelt-But, as the Kommersant

on Mr Kirlyenko's nomination, scheduled for tomorrow. Last week the Duma rejected

tor of Strategic Studies Cenunderstandable that Mr Yelt-

"I think there is a real

sin had achieved the rare newspaper observed, it Russia's constitutional court, feat of unifying Russia's par-would be premature to write liamentary leaders against off Mr Berezovsky as a politiforce. The fact that Mr there is no government in magnate still wields considfinances of the country are president's daughter and be held.

because of the lack of a cabi-Andrei Plontkovsky, direc-

Mr Kirlyenko's candidacy in a secret ballot. But tomorrow, immediately prior to the

decision on Mr Kinyenko's nomination, deputies will vote by open ballot - on the manner of voting on the nomination. Open voting means that opposition parties in the Duma will be more able to impose discipline on their members not

to approve Mr Kiriyenko's If the Duma refuses to approve a presidential nominee for a cabinet post three times. the president has the right to dissolve the body.

Sergei Shakhral, president Yeltski's representative on threatened yesterday that if the Duma was dissolved, an old election law that favoured function.

This would threaten the chances of the Duma's largest occosition parties, the

a shopkeeper was just

estimated that by relocating

its legal headquarters in the

UK the average trader could

11.9 7.0

FFr2,800 (\$463) a month. It

French businesses eye lower UK costs

By Andrew Jack in Paris

The French government attempting to shift their headquarters to the UK or other countries in an effort to reduce their taxes and social security charges.

minister, said that small business owners who were companies in the UK were companies in Birmingham

sider revising upwards their

1998 market forecast for

in March surged well above

expectations for the third

Statistics from the Euro-

ean Automobile Manufac-

turers' Association (ACEA)

year-on-year, during March

in Germany and 20.7 per

Jörg Schröder, ACEA's

director of trade and eco-

served to exaggerate the

boosted by car buyers rush-

ing to beat an increase in

eral distorting factors which tions.

registrations were also ment.

- led by rises of 25.2 per cent forecast.

By John Griffiths

month in a row.

cent in France.

taking a "costly risk".

Both the ministry of economics, finance and industry yesterday warned the and the ministry of employ-nation's businesses against ment took the unusual step ment took the unusual step of issuing statements during the day spelling out the dan-gers of "delocalising".

The action came after a spate of French media Martine Aubry, the reports in the last few days employment and solidarity highlighting a trend by shopreports in the last few days keepers and other traders around the country who considering registering their have acquired off-the-shelf

Car registrations in

Europe's carmakers will ring in eight of the region's

meet later this month to con- 17 markets, and clear rises

western Europe after sales edly positive," said Mr

yesterday showed new car on the side of conservatism.

registrations in the region. Last year's sales represented

jumped by 15.4 per cent. a 4.8 per cent increase over

nomics, said there were sev- to buoyant economic condi-

The Easter holiday fell in fit from the sharp boost that

March last year, so many sales had been receiving

dealers were open on fewer over previous months from

days than in the same scrappage incentives intro-

month this year. German duced by the Italian govern-

value-added tax from 15 to 16 specifically to cars with poor

Schröder.

W Europe up 15.4%

double-digit increases occur-

in all but three of the rest,

ACEA's current forecast is

for this year's market to rise

by 1-2 per cent above last

Traditionally, it has erred

1996 - double ACEA's initial

An increase of nearly 20

per cent in the UK, currently

the region's third largest

market, is attributed solely

March's 1,433,500 reg-

Amendments to the

fuel economy, were mainly ter.

scheme, restricting it more

istrations also did not bene-

year's 13.4m units.

the overall trend is undoubt-

Nevertheless. with responsible for Italy's regis-

a year ago.

and other cities as a way of costs of doing business in security contributions up rity charges.

between the French economic model and that of the UK, which is experiencing higher economic growth and far lower unemployment. A number of French companies have relocated to the UK in the last few months amid much publicity, while launching campaigns complaining about the higher

trations being only 2.7 per

cent higher in March com-

pared with the same month

ACEA officials also say

the market is being boosted

by a rash of new models

entering the market simulta-

neously, among them Gen-

eral Motors' new Opel/Vaux-

hall Astra, Mercedes-Benz's

A-Class small car and the

Flat group's European Car of

the Year, the Alfa-Romeo

Mercedes-Benz's March

registrations were up 42.2

per cent in March and Alfa-

Korean carmakers, clearly

intensifying their efforts to

compensate for collapsed

domestic markets with

higher exports, achieved a

45.4 per cent year-on-year

Japanese carmakers collec-

March and for the first quar-

rise in March.

Romeo's by 49.8 per cent.

de Défense des Commercants There have been a growing et Artisans, a trade body, number of comparisons said yesterday that it had helped up to 200 businesses relocate their legal head-quarters to the UK over the last year to reduce charges, while operational activities remained in France.

response to growing concern over the treatment of small retailers, who it argues are

reducing their social secu- France. The Confédération front, with few benefits in exchange and tough penalties for late payment. The Confédération said retirement funds into which its members have to pay were close to bankruptcy and the average pension for

Its action comes in

save FFr100,000 (\$16,550) in forced to pay high social charges each year. West European new car registrations January-March 1998

MANUFACTURERS:		٠		٠.
Volkswagen group -	636,480	+8.6	16.6	17.2
- Volkswagen	371,998	+3.1	8.7	10.8
- Audi	128-207.	+3.8	3.3	3.6
- Seat	99,102	+26.4	2.5	. 2.8
- Skoda	39,175	+65.3	1,0	່ ວ.7
Flat group##	467,179	+9.2	12.2	12.5
- Pat	385,639	+24	9.6	· 19.4.
- Lancki	51.832	+27.2	1.A	1.2.
- Alfa, Romeo	49,155	+68.4	1.3	0.9
PSA Peugeot Citroen	449,108	+17.7	11.7	112
- Paugeot	260,668	+19.4	6.8	6.4
Citroen : : :	188,440	+15.4	4,9	. 4.8
General Motors	437,494	+4.6	11.4	12.2
- Opel/Vauxing	447,173	+4.1	10.9	11.7
- Seab"	17,642	+11.3	0.5	0.5
Ford proups	432,712	+12.7	11.3	11.2
- Ford	426,174	+12.5	11.1	11.5
- daguer	5,538	· 426.8	. 0.2	. 02
Renault .	389,466	+17,6	10.2	9.7
BMW group	211,327	+3.8	5.5	60
BMW	109,709	+5.2	28	3.1
Rover	101,818	+2.3	27	29
Morcedes-Bertz	149,164	+24.7	3.9	35
Volvo	65,446	. +5.5	17	1.8
Total Japanese	453,578	+14.2	11.9	11.5
Tayota	315,442	+20.1	:30	28
Nissan	108,542	+10.2	2.8	2.5
Honda -	63,777	449	1.7	1.8
Mazda	54,458	+7.0	- 14 -	1.5
Mitsubishi -	50,760 _	+25.0	. 1.3	12
Total Koreen	84.529	28.8	22	1.9
N. 4 Photogram	····		 -	
MARKETS:	des acc			
Germany	971,900	+11.8	25.4	25.4
Italy	716,500	+16.0	18.7	18.1
United Kingdom	622,600	+13.1	, 1 6.5	16.1
France	460,200	+13.1	12.0	11.9

413.8

272,000

TOTAL MARKET 3,828,508 +12.0 100.0 100.0

tively lost ground, with Nissan, which is traditionally the biggestselling Japanese brand in western Europe, being over-VIII holds 70, per cent and management control of Shock." Includes care imported from US and sold its western Barry taken by Toyota both in

Czechs ratify

membership

Panic-buying empties shelves as Serbs

guard against further western sanctions

But increased economic hardship caused by US-driven attempts to isolate Belgrade may play into the hands of Milosevic and the nationalists, reports Guy Dinmore

TE COMMENCA tch threat raises sta er Italian budget

The second of th

VINCINGIS

F Banas of the Rolling And April 19

of Nato

The Czech lower house of the country's membership of both the public's enthusiasm equipment and training. for joining and the readiness of the armed forces.

chamber, with opposition troops, confined largely to extreme

The opposition Social Democrats, who are leading in opinion polls, had pushed until a referendum could be ing areas. called. Almost all their deputies supported the vote of foreign troops or nuclear deputy defence minister, weapons on Czech territory.

The Social Democrats support. This is lower than in Poland and in Hungary, with opinion polls showing Nato in 15 years". just over half in favour with reflects the country's recent been imposed.

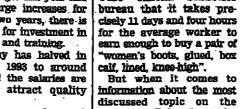
Although the government significantly increased the defence budget this year and parliament yesterday ratified planned large increases for the next two years, there is Nato despite doubts about little room for investment in

The army has halved in size since 1993 to around The vote was carried by 65,000, and the salaries are 154 to 38 in the 200-seat failing to attract quality

The government has said rightwing republicans, who it intends to spend about are vehemently anti-Ger-man, and the Communist to replace its ageing MiG-21s. Little consideration has yet been given to how this massive investment will be funded and there is a danger for the vote to be deferred it will eat into other spend-However, the army per-

formed well in the Gulf war though the party has reser- and in the former Yugovations about the stationing slavia. Jaromir Novotny, said the Czech Republic would at first be able to proargued that a referendum vide two brigades to Nato, would raise awareness of the one of which would be issues and increase public designed for rapid response. He added: "We expect to be fully compatible with

The Czech Senate will cona quarter opposed. This sider Nato accession within a month. Once all the weak military tradition, and invited countries and Nato a suspicion of military agree-members have approved, the tion of the dinar. ments that in the past have Czech Republic should join in the first half of next year.



"I'm forbidden to talk to manager of a state-run she had received any deliveries that day. But the bare shelves told their own story. Although official stocks of basic food-Serbia is blessed with some

cial silence prevails.

streets of Belgrade - the

shortage of milk - then offi-

of Europe's richest agricultural land, shops are short of milk, flour, cooking oil and prices fixed by the state. Sanja Herendic, who runs a 24-hour, privately owned grocery store, has none of rise, while state workers can the reticence of her state-expect no corresponding employed counterpart. She increase in their wages. says suppliers are cutting deliveries to retailers until the government eventually raises prices in line with this

month's 45 per cent devalua-

the official statistics panic, fearful of harder times Research says over 25,000 bureau that it takes preto come because of the companies are effectively cisely 11 days and four hours threat of further sanctions for the average worker to hanging over Serbia in "women's boots, glued, box against ethnic Albanian separatists in Kosovo province.

was like under sanctions and they are spending their last dinars and storing food," explains Mrs Herendic. "They fear more sanctions." Government ministers you about it," replied the have added to the air of uncertainty. Milorad Missupermarket when asked if kovic minister for internal trade, says the authorities

"People remember what it

stuffs and detergents. "There will not be shortages of bread," he promised. But the federal developsugar - all commodities with ment minister, Jagos Zelenovic, says the cost of bread, milk, postal services and train tickets will have to

are intervening to calm the

"consumer fever" by selling

Public spending is already over 55 per cent of gross domestic product, while the average monthly wage is

expect no corresponding

n the topsy-turvy world of At the same time, shop chronic cash-crunch. The isation, devaluation is like Serbia one can learn from pers are stocking up in Institute for Market putting out a fire with a glass of water". The government will only be able to bankrupt. Serbia's stuttering hold the new rate of six dinars to DM1 with a restriceconomic output is at barely earn enough to buy a pair of response to its offensive half the level of a decade tive monetary policy. ago, crippled by old socialist-Western governments

style policies and starved of have already suspended all outside credits because of US official credits to Serbia – a sanctions imposed during largely symbolic move - in the break-up of former Yugoresponse to its crackdown in slavia Independent econo-Kosovo last month, in which mists dispute government over 80 people were killed. The UN has imposed an figures, according to which the economy grew by 7.4 per arms embargo. The Contact cent last year. Group - the US, Russia and Even the usually pro-govfour main European powers will meet again at the end
 of April to decide its next ernment Labour Union has warned that the drop in real

wages caused by the devalumove, possibly the freezing ation will lead to a social of Serbian and Yugoslav govrevolt. Economists believe ernment funds held abroad. the Socialist-led government Anticipating this, the central of President Slobodan Milosbank has instructed stateevic has decided to persist run banks to move assets on its collision course with back to federal Yugoslavia. the international commu-Mr Milosevic shows no nity. They believe the dinar sign of meeting the main was devalued beyond the Contact Group demands -

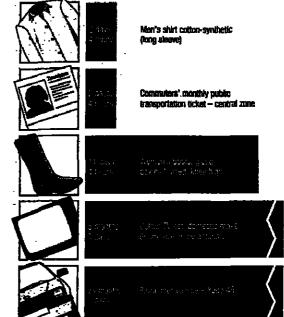
prevailing black market rate the withdrawal from Kosovo of his special police forces and acceptance of a foreign in a desperate bid to suck foreign currency into the official banking system role in talks yet to begin before further sanctions. with the ethnic Albanian Danica Popovic, a profesleadership. Instead he has called for a referendum throughout Serbia on April sor at the Belgrade School of Economics, says without real market reforms such as 23 on outside involvement in long promised trade liberal- dialogue on Kosovo. With that this government will ruling Socialists.

ADVERTISEMENT

BLUE CHIPS OF TODAY AND TOMORROW

Working hours required to afford a product

Serbia: the cost of buying



on a resounding "no". Europe's last major and ment Bank in London. untapped market have greeted recent developments with alarm. Their fears were Danko Djunic, deputy prime minister and the leading reformist in the federal government, resigned out of frustration with his hardline opponents. "It's clear now

almost mythical status not do anything in terms of attached to Kosovo as the reform, in a few months they cradle of the first Serbian may sell something off to get kingdom seven centuries cash but nothing more. It is ago, Mr Milosevic can count a big disappointment," said Foreign investors eyeing ket research at ANZ invest-

Some European diplomats opposed to the US-driven efforts to isolate Belgrade confirmed last week when further say sanctions only play into the hands of Mr Milosevic. The west will once again be blamed by a flercely nationalist Serbian electorate for their economic hardship, rather than the

Section of the second section of the section of the second section of the section

und in affring flate Billing.

MANY AND EMU

Bugging a graph of the control of th

widesrat support expected

and the second second

MAMAN POLITICS

artiament backs cabinet

Company of the Compan

MONTH CONTEXT!

Furkish operation kills 75

and the second of the con-A second of the But the first the second of th

BURDON THE COME informet telephone senië

And beginning to the second in the second se State of the state

2 3°2 "

The state of the s

ene. Impelle land de geleen de land de land

And the second s

Bank to the way he The second secon Consumer prices stable painte familie

Employed the best of the second

est trading partner after

said.

independence in 1991, making it the third largest recipi-Kocharyan's ent of US aid after Israel and inauguration last week as Bosnia. Mr Talbott talked Armenian president does not recently of a "single stratbode well for a peace deal egy" of aid and trade in the this year in the troubled Caucasus region to promote region of Nagorno-Karabakh, and encourage economic reforms and the develop-As prime minister, Mr ment of social and political Kocharyan, a former president of Nagorno-Karabakh, strengthen the rule of law

last year rejected a frame- and civil society. But some analysts doubt work for a settlement between Armenia and Azer- whether Mr Kocharyan will baijan, which have fought a fulfil these aspirations. They six-year war for control of say that heis too reliant on the territory. A continued Vazgen Sarkisyan, the nationalist defence minister, lack of progress on negotialeaving him little room to tions will endanger the fragmanoeuvre in peace talks.
"The defence minister is one ile stability of the sensitive Transcaucasus region. It would particularly affect of the strongest people in Azerbaijan, where western Armenia," says political anaoil companies have pledged lyst Boris Navasardyan.
billions of dollars of invest"As long as Kochar "As long as Kocharyan

Vactav Havel, the Czech president, in 1996. He was in "surprisingly

Hopes slim

for progress

By Selina Williams in Yerevan

say political observers.

on Karabakh

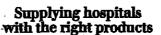
thinks he has support from ment in Caspian sea oil civic institutions he'll try to Mr Kocharyan's rejection lead the country towards of the Organisation for Secu- normal democratic developrity and Co-operation in ment But if he doesn't feel Europe's proposals helped to that support, he'll be bring down Levon Ter-Pe- tempted to rely on the trossian, the president, and defence minister and use his government in February. force." "Robert Kocharyan has a

Armenia's strong presistrong position on dency and weak civic insti-Nagorno-Karabakh which tutions mean there are few he's been quite plain about checks of the president's power. And the parliament, and it's going to make the negotiation process very dif- a body with little power ficult," said a western diplounder the current constitution, does not have much mat in Yerevan. "For the foreseeable future the prosauthority. Concerns about Armenia's pects for an agreement are

commitment to democracy close to nil," the diplomat have been amplified by an The US, which has considelection report from the erable political and eco- OSCE, which noted that nomic interests in Karabakh, observers had seen "hallot has been pushing for a politi- box stuffing, discrepancies cal settlement in the region in the vote count ... and since 1993. Strobe Talbott, instances of intimidation directed towards voters, elecdeputy US secretary of state, told a Senate subcommittee tion commission members last month that the USwould and candidate proxies." The continue to work with states report concluded that the in the Caucasus to "thwart elections did not meet the the growth of Iran's influ-OSCE standards which Armenia had committed ence in the region". Iran, now Armenia's second largitself to meet. An immediate settlement

Russla, has been the main in Nagorno-Karabakh looks beneficiary of the unresolved remote in the aftermath of conflict. Closed borders with the election of Mr Kochar-Turkey and Azerbaijan have yan. Although Azeri Presileft Armenia with little dent Heydar Aliyev says he choice for trade. Armenia is ready for talks with the has also been unable to ben-efit from the Caspian Sea oil year-old former polithuro boom and future pipeline member is up for re-election the autumn and is unlikely Armenia has been kept to make any significant comafloat with around \$15n in promises on Karabakh US aid since it gained its before the poll.

Hogy Medical prepared Hogy is a leader in providing innovative products that both assist in management rationalisation at hospitals and provide increased safety and convenience for the medical staff and for the patients. It is the leading supplier of disposable medical non-woven fabric products in Japan. Currently, the world of Japanese medicine is facing a revolution in management practices. Hogy is positioning itself to take advantage of the situation. Hogy should be able to maintain its reputation as the high-growth player in the field of Japanese medical supplies.



Hogy's reputation is based on its record of strong and consistent growth. It all began in 1955 when Masao Hoki started a business supplying electrocardiogram recording paper to hospitals and clinics. In 1961, the business was incorporated as Hogy Medical.

Hogy has maintained a near-unblemished record of consistent turnover and profits growth over the years. The trick behind this record of growth has been the development of original medical supply products which meet the needs of the hospitals. For example the special bags, "Mekkin Bag." used in the sterilisation and storage of surgical instruments were first launched in 1964 and now have a market share of 80%. The special non-woven labric, "Sontara"," used in surgical gowns and drapes was first launched in 1982 and has a market share of 70%.

Sontara® is the key product for Hogy and accounts for 60% of turnover: it is a Du Pont

Supplying hospitals management objectives. By been invested in Hogy Indoneachieving these objectives for our customers, we achieve business results growth for ourselves. It is all very simple and a well appreciated fact for all the stakeholders in the

company."

The coming revolution in Japanese

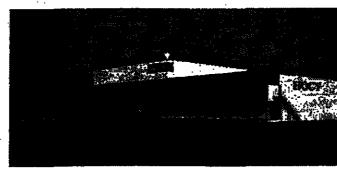
health care management

In-house production capability

"A basic point for long term management in Japan is the demographic trend. It, and therefore the supply of labour onto the market, is the one reasonably predictable function in the equation of management variables. Over 10 years the working population will decline by 1m and over 20 years by 8m. Coping with this situation is a vital deciding factor for the future of our com-

pany." Based on this management view, Hogy is characterised by the automation of all domestic operations wherever possible, and the transfer of all labour intensive operations overseas

wherever possible. For example, on the Tsukuba Industrial Estate ¥6.8bn was



Tsukuba Sterilization Center and Distribution Center product but Hogy has devel- invested in an automated ster-

oped a novel treatment process to improve the pliability and water repellant characteristics. The fabric is an effective barrier to pathogens found in the hospital setting - such as the MRSA, B + C hepatitis, and HIV pathogens. Being disposable, there is enormous staff rationalisation.

The President, Masao Hoki, says, "As a company supplying hospitals, the key duty is the assured safety and assured availability of all the products in our catalogue. That is the way that we build the trust of our customers - assured safety

ilisation plant and an adjoining automated logistics centre so that sterilised instruments may

case by case.

be manipulated automatically

The logistics centre can handle 20,000 case movements a day with only 5 staff when normally 160 staff would be required. The all-in savings of having a fully automated logistics centre with integrated warehousing and shipment facilities have been calculated

at ¥6.5bn over 10 years. On the other hand, labour intensive operations have been transferred overseas: notably and assured availability are the to Indonesia where ¥1.9bn has period and reduce the number

sia. There are 600 employees in a plant covering 35,000m². It is one of Asia's largest nonwoven fabric plants and processes the raw fabric into saleable product. The plant maintains its accounts entirely in US dollars and has managed to avoid being affected by the much-publicised crisis.

NHI system revolution

Apart from demographics, another important management issue in the President's mind is a massive change, a revolution, in the Japanese National Health Insurance (NHI) system. The bad demographics of Japan are causing health care costs to rise strongly and have a negative impact on the NHI system finances. Already changes have been made within the existing system and the portion borne by the patient was raised substantially last year. Something even more radical is required. "Most probably Japan's NHI system will move from the principle of re-imbursing all allowable charges incurred in treatment to the principle of paying a fixed amount for a prescribed diagnosis. That is the US socalled diagnosis related group/prospective payment system or DRG/PPS for short." An average hospital stay in

the US is 8.8 days, but 33.5 days in Japan on the basis of the most up-to-date statistics for general hospitals (1996). Not surprisingly, the Ministry of Health is looking into DRG/PPS at present. "We have to be ready for the introduction of DRG/PPS in about five years'

DRG/PPS in the US has had the clear effect of braking the growth in health care costs, shortening the average hospital stay, and reducing the number of hospital beds. Medical treatment becomes directed towards the most appropriate treatment regime for the patient, the cutting of all wasteful procedures, and the rationalisation of the entire treatment process.

"Hospitals become focused on their bottom line and are forced to shorten the treatment



rent tendency is to have operating theatres inefficiently used and large numbers of patients quened up in bed. That must change. Operating theatres should see better through-puts. Hospitals will need disposable medical supplies all pre-arranged in standard kits." In fact that trend is already apparent at those hospitals which are geared to high operating theatre through-

Dr Fujioka, responsible for the operating theatre management of the Nagaoka Red Cross Hospital, says, "In clinical treatments and in surgical operations, we try to rely on disposable supplies to the absolute maximum. What we need is the right instrument sterilised and available in a pack or even better a prearranged set of instruments for a procedure in a tray as a kit. The kit makes three contributions in the demanding operating theatre environment: a reduction in the work load, a reduction in the volume of sterilisation necessary, and the capability to respond more easily to major disasters."

Kit medical supplies

The impact on hospital efficiency of moving to a fully prearranged kit approach for all clinical and surgical procedures is massive. Hogy sees this as a major business development. The main business line of non-woven fabric products becomes just an element in a kit. In an ideal world, Hogy would be able to source all the medical supplies, for all required kits, and in all the myriad combinations of their component parts. That is patently impossible.

Kits mean that Hogy must source extensively from outside, if it wants to remain a leading force in the hospital supplies market. This means relying on a mix of outsourcing relationships and corporate alliance relationships, if access to top-rated supplies is to be

Hogy has already started to approach the manufacturers of top-rated medical supplies and gained the agreement of a number of them to co-operate in the kit market: the omens are good.

However, the complications are substantial given the number of component parts to each kit and the vast number of combinations required. "We have spent some two years study in the Kit Project so far and there has been great reliance on learning the experience in the US. We are now in a position to make detailed planning of the new type of facilities which are going to be required. The timing is to have the kit facilities up and running to meet the switch of the NHI system to DRG/PPS."

Shareholder value

According to the Hogy management maxim, the stakeholders in the company are the customers, the shareholders and the employees. Shareholder value is not forgotten. Because of the necessity of building a strong balance sheet for high levels of capital expenditure, there has recently been a flat trend in the dividend paid. "Quite frankly, I had thought that when we could be sure of 10% pa plus profits growth, we should start a programme of bonus share

However, such a programme in the poor equity market of today could introduce a problem of a stagnant share price. "It is now the time to start thinking about a more rational approach to shareholder value: EPS growth. The depreciation burden of the capex timetable will peak in the year to March 1999, so I think that setting a target of an EPS of ¥200 in five years' time is quite reasonable."

HOGY

HOGY MEDICAL Co., Ltd.

Call for mandate on financial standards

By Robert Chote, Economics Editor, in Washington

The International Monetary Fund should be given a statutory mandate to ensure that the financial systems of its member countries meet new international standards. according to the chairman of its key ministerial commit-

Philippe Maystadt, Belgium's deputy prime minis-"interim" committee today that the organisation's articles of agreement should include a clause enshrining





to collaborate with the Fund in strengthening its financial system. He conceded that some countries would see the idea as "interesting, but

perhaps premature". The Fund would have a ter, will tell the IMF's mandate to promote international standards of financial sector soundness and to assess whether countries meet them.
"This extension would

encourage its member countries to meet the pre-conditions for a successful orderly liberalisation of capital movements." Mr Maystadt said. The Fund is already drawing up new articles to

give it jurisdiction over capilikely to discuss a proposal that authorities in major financial centres should consider consigning access to their markets to banks from countries with a supervisory regime that meets interna-

retary.

Under Mr Maystadt's prothe authority "not only to the international community prohibit members from reintroducing restrictions [on capital flows), but also to ensure that strengthening of tal movements and controls. the financial sector and capi-The committee is also tal account liberalisation will discuss proposals to proceed in a coherent and

mutually reinforcing way". Mr Maystadt believes that final decisions on the articles, and other measures to strengthen the international financial system, will tional standards. This idea take some time to reach, But

allow the Fund to play a has been revived by Robert he wants to set a deadline ing the standards and that more pro-active role to Rubin, the US treasury sec- for agreement by the time of devising extensions to them the IMF's annual meeting in should be left to the Prague in 2000. "This would Basle committee and other posal, the Fund would have be a way to make sure that groups. Meanwhile James Wolfenwould enter the next century

people are feeling insecure to watch their backs.

Job insecurity means that September to return in a

staff are also observing to year and witness a turn-

the letter the time-consum- around in the staff's mood.

people's services are in effect—the private sector, he was

organisation. "In the bank three or four years to

we have a unique ability to recover, judging by the expe-

that the complexities of its best. "If we are not

ket." he said. The interim committee extend the scope of the "core principles" of banking system soundness developed by the Basle committee, for example into accounting and disclosure requirements. Officials are keen that the Fund should stick to polic-

with an institutional system

as modern as today's mar-

sohn, the World Bank president, is hoping to inject nev urgency into the search for ways to boost the development organisation's falling income. This involves politically contentious discussion of the amount middle income countries pay to borrow from the bank.

Mr Wolfensohn wants to have proposals on the table

Perhaps rashly, Mr Wol-

fensohn challenged observ-

ers at the bank's annual

meeting in Hong Kong last

But at a recent meeting

with chief executives from

told that morale could take

riences of big corporations.

. In the longer term, morale

must be improved if the

World Bank is to deliver of

our clients happy?" argues

But in the short term, the

bank's shareholders seem

less worried. As one execu-

tive director puts it "In an

ideal world, we would have a

happy staff and good results.

But if we can only have one

Botha defiant as he faces truth court

The hearing which began yesterday involving P.W. Botha, the former South African president who ran the country in the dying days of apartheid, is the latest of many signs that black and white South Africans still find it hard to live together in peace.

Mr Botha, 82, was in typically stubborn mood when he spoke to journalists at the court in George, Western Cape. "Even if they destroy me, they cannot destroy my soul and my convictions," he

The former president and National party leader is charged with defying a subpoena to appear before the Truth and Reconciliation Commission (TRC) examining human rights abuses by all sides before the election that ended white minority rule four years ago. He faces the possibility of two years in iail or a fine.

Mr Botha says he has fulfilled an agreement to make a written submission to the TRC. In court vesterday. Paul van Zyl, TRC executive secretary, said the commission wanted to interview Mr Botha in person after seeing minutes of the old State Security Council.

The council, headed by Mr Boths, may have authorised the killing of government opponents, and other gross human rights violations, Mr

van Zyl said. Mr Botha, who rejected a compromise proposal from the TRC that would have kept him out of court yesterday, has complained the TRC is conducting a "witchhunt" against white Afrikaners such as himself. His trial has become a rallying point for rightwing whites Tutu, TRC chairman, opposed to the African National Congress-led gov-

eroment elected in 1994.

Many black South Afri-

cans complain Mr Botha and

Africans for refusing to abandon racism, and accuse President Nelson Mandela of being too conciliatory. Emotions boiled over this week when a white farmer

lightly. Newspaper columnists condemn white South

was accused of shooting a six-month-old baby being carried across his plot by her cousin. Black leaders expressed outrage, and Mr Mandela, visiting the gricying family, lamented the fact that such a fatality had occurred "four years into democracy".

whites Rightwing suggested it was understandable for farmers to be nervous about trespassers because, they claimed, the government had done nothing to stop numerous attacks tive party accused Mr Mandela of racism. "He is as silent as the grave when one white after the other is being murdered on South African farms," it said.

Several other disputes with racial overtones have ernoted recently. General Georg Meiring, chief of the South African National Defence Force, resigned over allegations that rightwing whites in military intelligence had tried to destabilise the government by concocting a bogus report about a

loggerheads with the South African Rugby Football Union, which stands accused of failing to promote black players and resisting an investigation into its affairs. Fighting has occurred between blacks and whites in Vryburg, west of Johannesburg, over difficulties of racial integration at the

expressed regret over Mr in the commissions hearings. "Ultimately, it is a process where we want to have have

World Bank sees improved results but morale among staff remains a problem

The 'strategic compact' has lifted quality, but there are concerns over increased work pressures, Robert Chote writes

sohn updates finance in Russia and Thailand.

"But the overall incre isters on his \$250m reorganiboth good news and had.

The good news is that the bank's lending is improving, the had news is that its staff located in the field," bank are still unhappy. Mr Wolfensohn will tell

the development committee that after only a year the so-called "strategic compact" is already delivering results. Even excluding the \$3bn emergency loan to South Korea, the bank's lending commitments reached a new high of \$8.8bn in the first half of fiscal 1998. During the current fiscal year as a

jects with a lending volume of \$21bn-\$24bn. Officials are quick to stress that they have not returned to the bad old days, when the success or failure of the institution, and the staff within it, was measured by the amount of money

whole, the bank expects to

deliver more than 265 pro-

hen James Wolfen- reflects big adjustment loans

"But the overall increase in lending may also reflect sation of the World Bank the bank's improved respontomorrow, he will give them stveness to clients as well as client demand factors - both influenced by the work of quality and quantity of the staff and country directors, many of whom are now staff concluded in a progress report on the compact.

The bank's various measures of project quality are also showing improvements. The number of projects found satisfactory or of better quality at entry has risen, while the number of problem projects has

The time taken for projects to be approved by the bank board has also been reduced, while manage is responding to problem projects more quickly.

respondents satisfied that the bank was addressing their poverty reduction needs adequately.

A survey of 10 countries in ing of staff, contributing to a some way to go. Senior man- and the remaining staff of these, I would rather have

problems of the compact managers know they will were most severe, found clients pleased with the bank's technical skills and policy

advice. But they also felt it should tailor knowledge better to country needs, that it should give more authority to local offices, and that it should streamline "overly corporate

"This trend in our operational results suggests that the benefits of the change and renewal initiatives under the compact are beginning to feed through where they matter most to our clients," the progress report concluded.

The outcome was cheering, given fears raised six months ago when the Africa department found its role as guinea pig for the restructurng an uncomfortable one. Lending to some of the

neediest clients dropped as

the department struggled

with reorganisation, but it has now recovered; other departments seem to have avoided similar problems. Senior management are pleased and relieved that the compact is delivering results with greater cost effectiveness. But there are also fears that it reflects an overload-

have to reverse.
"If we needed further evidence that we still have a

very long way to go, the recent staff survey provided it." the progress report argued. "Work pressures and stress: staff working flat out, perhaps at an unsustainable level: concerns about internal co-ordination and teamwork; lack of trust in personnel policies and promotion

practices, and lack of confidence in management." Compared with the previous survey in 1993, the biggest change has been a deterioration in the staff's perceptions of, and trust in, senior management.

The biggest problem in this institution has always been management and I see no sign that this has changed," said a worker in one of the bank's less glamorous departments. In part, this lack of trust

in senior management is simply an expression of the continued nervousness many bank staff feel about their job security. The redundancy programme that accompanies

10.000 staff total, still has

"matrix management", in happy, how can we make which the bank is organised by both function and client one staff member. rather than with a single hierarchy, is essential. They expect the internal market to operate much the compact, which will see more smoothly once the 500-700 people depart from a redundancies of the next

few months are completed

without good reason, but the

formality of the redundancy

process makes it hard to put

ing internal market proce-

dures through which

bought and sold within the

make the simple compli-

cated," says one department

But the optimists argue

head.

people's minds at rest.

feel under less pressure the good results". BERKELEY FUTURES LIMITED

> 38 DOVER STREET, LONDON WIX SEB 199 TEL: 0171 629 1133 FAX: 0171 495 0022 http://www.bfLco.uk

http://www.unioncal.co.uk F.X. FUTURES & OPTIONS 24 HOURS 0171 522 3333 Sta regulated

Fast Fills. Low Rates. **Quality Service.** LIND-WALDOCK & COMPANY

£5.£25 0800-262-472 Lendon: 0171-247-1701 Germany: 0130-818100 Switzerland: 08 90 55 82 38

Freephone FUTURES PAGER mini REUTERS

-TAX FREE SHARES 01718960011 CINDEX

OFFSHORE COMPANIES The FT GUIDE TO WORLD CURRENCIES, published in Monday's

ewspaper and covering over 200 cumuncles, is now available by dialing the following stamber from the bandset of your fax machine, 6891 437 601. Calls are charged at 50pmin at all times. For more information or assistance please phone 0171-873 4378. (Cityline help desk)

FX - Money Markets - Swaps Bonds - Market Comment - News www.moneyandbonds.com One month free trial for new users ComStock on the Net STANDARD &POOR'S

ide range of international stocks, futures, opt

Marke**Track**98 The World's Most Powerful Fixed-Line Quote System Now Runs Just As Fast Over The Internet

Market-Eye Real-time coulties, fetures, options and news from cah £54 per month Freephone 0800 321 321 DATASTREAM/ICV www.market-eye.co.uk

his colleagues are getting off healing," he said. All Futures, Options & Margined Forex GNI Consect: Tracy Formiscad Tel:0171 337 3999

OFFSHORE COMPANIES BY LAWYERS ` Leading international tax planning firm, offers full service.

Leading Helen Harper, LLB (HONS) Tet + 44171 352 2274

Bublis: Peter Murphy B. Comm. Tet. + 3831 662 1388

F-auti offsbore@entgroup-com Websits; instructure 99-109 SYBNEY-ST, LONDON SWS 6141, OK

ED&F MAN DIRECT COLUMN TO SECURITION TO SECURITICAL SECURITION TO SECURI

REAL-TIME ELECTRONIC FOREX DEALING www.forex-cmc.co.uk

Argus Gas Connections Petroleum Argus

WANT TO KNOW A SECRET? The LD.S./G.M.L. Sentine will show you how the manters REALLY work. The amending frading techniques of the legendary W.D. Garatean increase your profits ndary W.D. Gunt can increase your profits and contain your josses. How? That's fire secret. It have by Gate Book your FREE PLACE PROPE \$161 474 8880

FREE ACCESS TO REAL TIME **FUTURES DATA?**

Linnco + 44 (0) 171 892 3311

+44 (0)171 405 1004

From Data Broadcasting Corporation REAL-TIME DATA ON YOUR PC equilies + features + epitions + derivatives + boards + commodities
ALL AMERICANS + FOREX + ELROPEANS + NEWS + CHARIS IN YOUR COUNTRY NOW Middle East and Africa - from Iceland International www.dbceuro.com Tel+44 171 793 3100

If you would like to advertise, or require any further information, please contact: Jeremy Nelson Tel: 0171-873-3447 Fax: 0171-873-3062

A Gallup survey carried out in 30 developing countries found three-quarters of

Compagnie Bancaire (incorporated with limited liability as a société anonyme à directoire et conseil de surveillance

Share capital of FRF 3,170,549,600

In part, the extra lending Africa, where the teething slump in morale that senior agers know that many

Registered office: 5 avenue Kléber, 75116 Paris Company number 592 052 070 RCS Paris (the "Issuer")

Notice of Adjourned Meeting of the Holders of

Yen 10,000,000,000

5.3 per cent. Bonds due 1999 (the "Bonds")

ISIN Code GB 0042122217 on April 27, 1998

NOTICE IS HEREBY GIVEN that a Meeting of the bondholders of the above mentioned issue convened by the Issuer on April 14, 1998 at 10.00 a.m. (Paris Time) by Notice dated March 20, 1998 published in the Financial Times and in the Luxembourg Wort on that date was adjourned through lack of a quorum. Such adjourned meeting (hereafter referred to as the "Adjourned Meeting") will be held at the registered office of the Issuer on April 27, 1998, at 10.00 a.m. (Paris Time) for the purpose of considering and, if thought fit, passing the following Extraordinary Resolution:

THAT, in accordance with the provisions of the terms and conditions of the Bonds, the merger of Compagnie Bancaire with Banque Paribas, a company incorporated with limited liability as a societé anonyme à directoire et conseil de surveillance under French law, having the status of a bank, be approved. The merger will be carried out as a "fusion-absorption" under French law. The merger will be carried out in order to incorporate the various activities of the Paribas Group into a single structure. The merger will take place in mid-May 1998 with retroactive effect to January 1, 1998. Once the merger has taken effect, Banque Paribas will change its name to Paribas.

Voting, Quorum and Further Details

1. A holder of one or more Bonds of the above mentioned issue, wishing to attend and vote at the Adjourned Meeting may deposit his Notes with the Fiscal Agent or with a Paying Agent at its specified office set out below or such Bonds may be held, to the satisfaction of the Fiscal Agent or such Paying Agent, to its order by Cedel Bank, société anonyme or Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System, for the purpose of obtaining a voting certificate, appointing proxies or giving voting instructions in respect of the Adjourned Meeting until 48 hours before the time fixed for the Adjourned Meeting but

2. Voting certificates issued and voting instructions given and the appointment of proxies made pursuant thereto for the Adjourned Meeting convened for April 14, 1998 will be valid for the Adjourned Meeting (and any further adjourned meeting) unless, in the case of voting certificates, they are surrendered before the time for which the Adjourned Meeting or any further adjournment thereof is convened, or, in the case of voting instructions, the receipt issued by the Fiscal Agent or the Paying Agents in respect of each deposited Bond is surrendered to him not less than 72 hours before the time for which the Adjourned Meeting or any further adjournment thereof is convened and notice is given by the Fiscal Agent or the Paying Agents to the Issuer of such surrender.

3. In respect of the above mentioned issue, two or more persons present holding Bonds or voting certificates or being proxies (whatever the aggregate face value of the Bonds so held or represented by them) shall form a quorum.

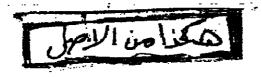
4. Copies of an explanatory document are available for collection by the Bondholders at the specified offices of the Fiscal Agent and the Paying Agents and at the registered office of the Issuer. Compagnie Bancaire.

> Fiscal Agent and Principal Paying Agent Banque Paribas Luxembourg, SA 10a Boulevard Royal

L-2093 Luxembourg Paying Agents

Artesia Bank SA 162 Boulevard Emile Jacqmain B-1210 Bruxelles

Swiss Bank Corporation Paradeplatz 6 CH-8010 Zuzich



Parain train

SMAIL OF THE AMERICA

Marie 1

A ...

left-wing com plot. The government is also at local school.

Archbishop Desmond Botha's refusal to participate

lmagine a work

13 Bulley

ND EME

THE LITTLE

nt backs cabinel

TO BELL HARD WARREN

SUMMIT OF THE AMERICAS US PRESIDENT WILL NEED TO MAKE A BOLD GESTURE TO RESTORE LOST INFLUENCE

Clinton on hreat raises state mission to ease tension

By Gerard Baker in Santiago

No self-respecting conits heads of government. markets. Next weekend in Santiago, Chile, the leaders of all but have claimed, a photo-opporone country in the western hemisphere (since it is a democracies only club, Cuba is excluded) will meet for their second Summit of the Americas.

The meeting will be the support expects to celebrate about economic usual occasion for much dipto celebrate about economical and political progress made throughout the region in the 5% years since the first summit in Miami in 1994.

> Growth in the US and Canada, the industrialised powers in the hemisphere, as ers in the neuronal well as in Latin America, has been robust. In the past year, widespread fears of a Latin American replay of the Asian financial crisis have reproved unfounded, thanks in no small part to some effective government policies and regional co-operation.

But it will be hard for the participants to convince themselves, let alone anyone else, that the bold initiatives for hemispheric integration hailed as the principal achievements of Miami will soon bear fruit.

And though amity between North and South will be very much on public display as President Bill Clinton is warmly received by his South American partners, it will not be easy to disguise the growing frustration among many governof the US to make good on the promises it has held out to the rest of the Americas for the last few years.

few years could see growing Miami moment was the negotiations.

diplomatic tensions between the US and its neighbours to the south, who fear Washtinental land mass is comington is about to close the plete these days without a door on their hopes of get regular summit gathering of ting unfettered access to US

"This will not be, as some tunity mission for the US: it. will be a fire brigade mission," says Larry Birns. director of the Washingtonbased think-tank, the Council on Hemispheric Affairs. "Latin American countries are looking more and more for opportunities beyond the US, with Europe and else-

The irony of this growing froideur in relations is that Mr Clinton has claimed to be more sharply focused on Latin America than any previous administration.

Where his cold war predecessors spent much of their time re-engineering governments throughout Latin America to suit the interests of US foreign policy, Mr Clinton has emphasised the mutual economic benefits to be gained from freer trade.

The signing of the North American Free Trade Agreement (Nafta) in 1993, with its inclusion of Mexico, held out the promise that open markets would produce opportunities for the rest of the Americas, not just for the rich northern powers.

To emphasise the importance of Latin America, Mr Clinton appointed Mack co-ordinate regional policy. At Miami, the US contin-

ening friendly economic ties have?" ments in Latin America at by leading calls for the creof the declaration.



high-water mark of US engagement with Latin America. It was followed almost US makes the point that crisis, which raised anti-freetrade opinion in the US.

Consequently, Mr Clinand again last year has in effect stripped him of the one practical weapon that might have furthered American economic integration. "The problem was that

McLarty, his former chief of President Clinton made staff and a close friend, to trade the main point of his Latin American foreign policv." says Mr Birns. "With ued this emphasis on deep- that gone, what else does he

The White House is anxwhat they see as the failure ation of a Free Trade Area of ious to give the impression the Americas (FTAA) by that this summit will herald 2005 - an ambitious goal a renewed sense of purpose that became the official goal for the Americas, and Santiago will at least mark the The risk is that the next But in hindsight the formal start of the FTAA

immediately by the Mexican detailed negotiations on the plan can make serious progress. The timetable puts off much of the hard pounding ton's failure to secure legis- in the discussions until 2003 lation for "fast-track" trade at the earliest. And adminisnegotiating authority in 1995 tration officials also note that while many Latin American countries bave been pressing the US to

Over the next few years,

happy with a slower pace. The administration emphasises that this summit, therefore, will be mainly about other issues.

move faster on free trade,

the largest, Brazil, is quite

There will be much emphasis on progress made by countries towards greater democracy, and calls for all countries in the hemisphere to deal with some of the familiar problems associated with democratic societies. But those Latin American

unlikely to be enthused by fine words on the problems of democratic life. Most of them still want some significant progress on trade.

Some of them have even begun thinking about a FTAA without the US. Others say they might find the World Trade Organisation a more fruitful place to gain leverage in promoting international trade. Still others are talking up the already deep economic ties that exist between South America and Europe.

Mr Clinton will do his best to emphasise that the US is still engaged. But it may need a bold gesture, such as promising an urgent push for fast-track authority with Congress. It will certainly require more than just Mr Clinton's famed interpersonal skills to restore some of the lost US influence governments pressing for in the region.

Central America horizons widen

Five Central American countries and the Dominican Republic today sign a free trade treaty in the first step towards creating a regional trade bloc including the Caribbean islands.

The bloc will comprise 22 countries when the members of the Caribbean Community (Caricom) are included and is part of an effort to prepare for the proposed hemispheric free trade area in 2005.

"The plan is for the Dominican Republic to act as a bridge between Central America and the Caribbean Community," according to Frederick Emam-Zade, the Dominican under-secretary of state for foreign affairs and its chief trade negotia

The trade negotiations with Caricom were also intended to prepare the Caribbean Basin countries for the proposed hemispheric trade area, Mr Emam-Zade

The signatories to this week's treaty say they will speak with a stronger voice at the weekend Summit of the Americas in Chile on the

hemispheric trade bloc. The treaty will include Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nica ragua. Negotiators had concluded preparatory talks and the matters left to be determined concerned rules of origin and a list of fewer than 20 products which would be exempted from preferential treatment, said Mr Emam-

Zade. Dominican business leaders are concerned, however, that the governments are rushing into the trade pact.

"Our concern is with the speed with which this is being done with Central America... It is being done too quickly, and we should be careful with these impor tant matters," said Fernando González Nicolás, president of the Consorcio Commercial del Caribe, a Dominican trade promotion agency.

NEWS DIGEST

INFORMATION TECHNOLOGY

Electronic commerce helps to fuel US growth

Information technology has been responsible for one-quarter of real economic growth in the US over the past five years and makes up 8 par cent of gross domestic product, a study by the Commerce Department showed yesterday.

Releasing the report, William Daley, US commerce secretary, said that declining prices for information technology had also helped lower inflation by a full percentage point. He said the industry employed 7.4m workers with wages more than 60 per cent above the private sector average. The IT sector continued to grow twice as fast as the rest of the economy. Mr Daley said that a further 1.3m jobs would be created in the sector over the next 10 years and called on companies to

help workers get the necessary training to fill those positions. The report found on-line commerce was growing rapidly in areas from banking to retail. "E-Commerce gives small and medium sized firms immediate access to worldwide markets without the need for overseas trips or overseas reps." said Mr Daley. Mark Suzman, Weshington

PRIVATE PENSION FUNDS

El Salvador gives go-ahead

El Salvador yesterday became the first country in Central America to launch private pension funds when five pension fund administrators (AFPs) received authorisation to begin seeking clients.

Customers will have individual accounts that will see contributions grow through investments in El Salvador's stock exchange. The system has taken nearly four years to set up. Francia Brevé, pensions superintendent, said each AFP would have to guarantee a minimum return based on the system's average, establishing funds to top up pensions if returns did not reach the required level. Mrs Brevé said private pensions would promote savings that would stimulate investment and create jobs. She said the new industry had

already created 3,000 jobs. The incoming pension regime is also expected to stimulate El Salvador's stock market. James Wilson, Panama City

TAX REFORM

Computers 'unable to cope'

The computer systems at the troubled US tax service are unable to cope with the widespread desire to modernise the Internal Revenue Service, the head of the IRS admitted yes-

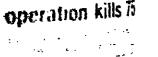
On the most important date in the US tax calendar - the deadline for filing tax returns - Charles Rossotti told a special congressional hearing that his existing computers were an impediment to adopting new business practices.

Public confidence in the IRS has been undermined by revelations last year of how tax collectors victimised taxpavers. The government and Republican senators have launched wide-ranging proposals to overhaul the service.

Mr Rossotti, the IRS commissioner appointed earlier this year, said new technology was "desperately needed", particularly in telecommunications. But he warned that new computers needed to be introduced alongside a new management structure. Richard Wolffe, Washington

Look on the bright side. There'll also be lots more cherries and watermelons in the future. Because at our agribusiness, Roechst Schering AgrEvo, we aim to utilize biotechnology in improving crop production and protection for harvests that are more bountiful than ever. After all, the cultivated areas of the world won't get any bigger. But our children will. And it's their future that's at stake.

The Future in Life Sciences Hoechst



秦县500

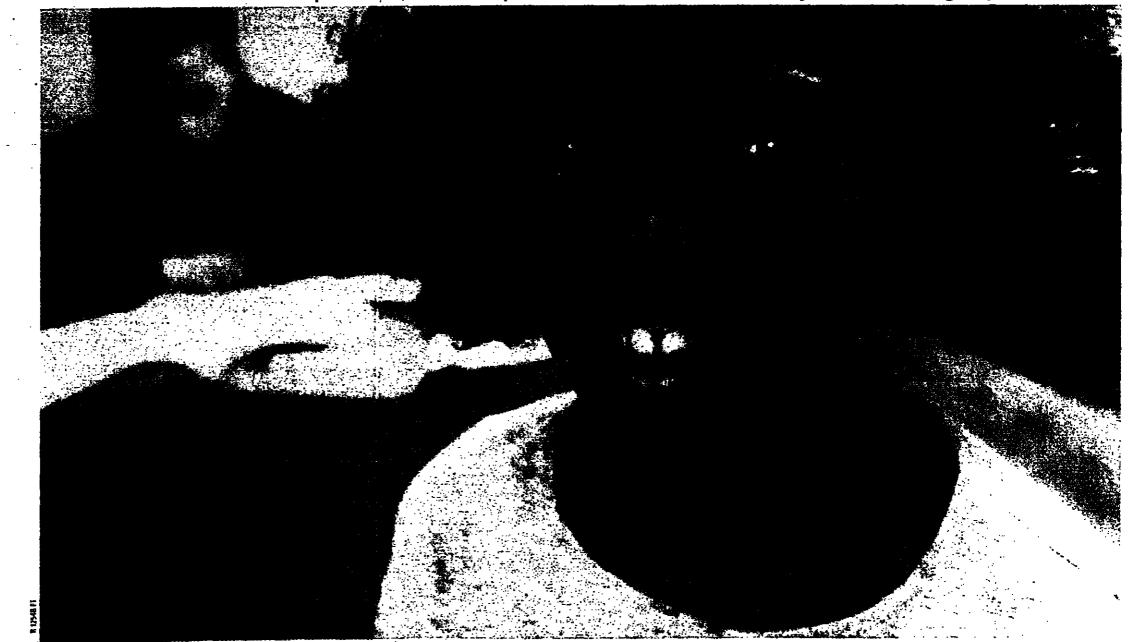
HE-MS

telephone sensi

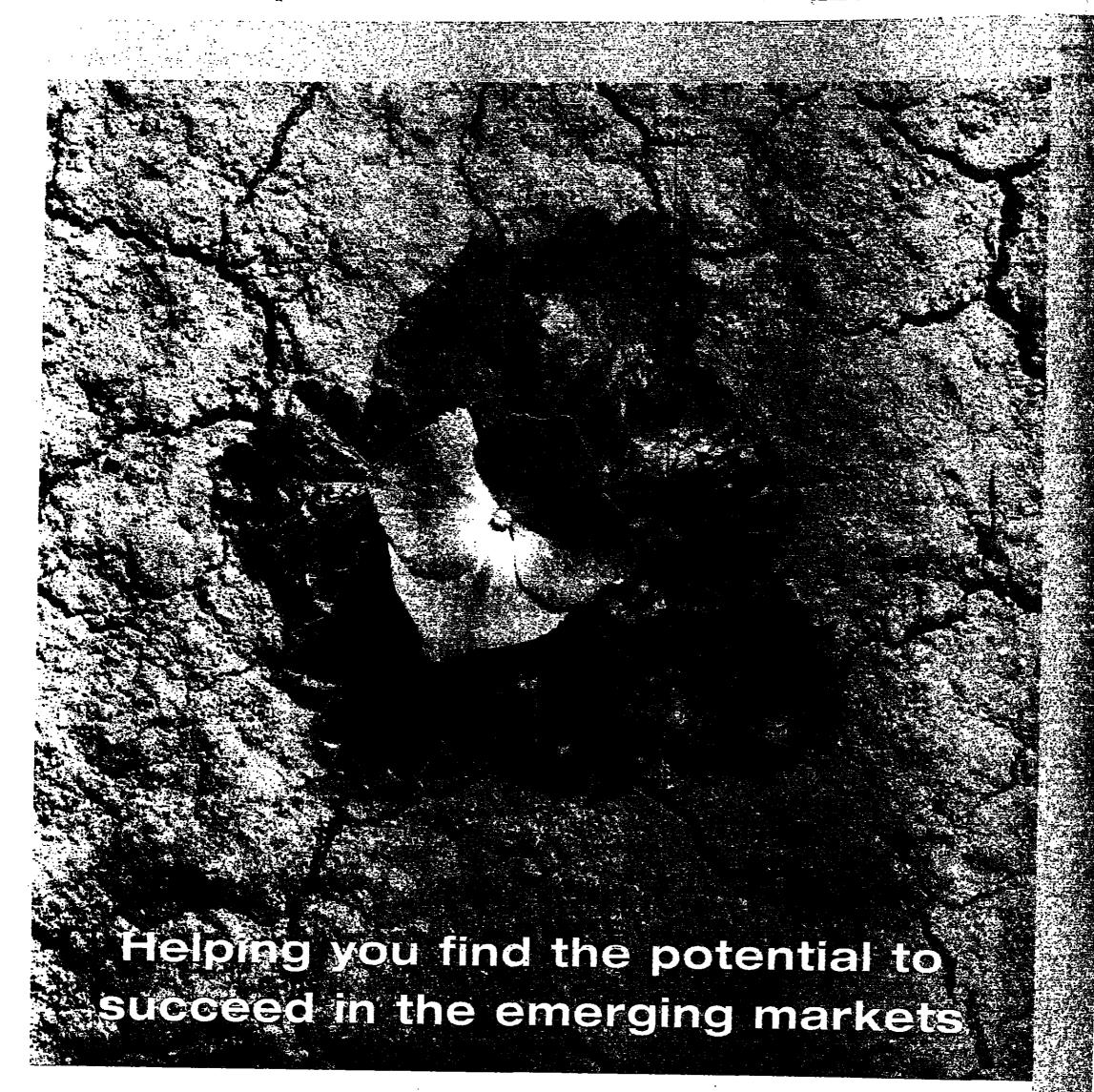
et prices st



Imagine a world filled with more spinach, Brussels sprouts and lima beans than you ever thought possible.



Agrevo is the agribusiness of Hoechst, an international group of companies spearheading innovation in Life Sciences.



Standard Bank Group was created, tested and found true in the most demanding of financial environments. As a result, we are financially strong, flexible and innovative - advantages that can help you overcome the challenges of business, wherever they arise, wherever you want to reach. Innovative responses are our business in:

- Emerging Capital Markets
- Resource Banking mining finance, base and precious metals trading

- International Trade Finance
- Structured Trade and Commodity
 Finance
- Primary and secondary Forfaiting
 Markets
- Project Finance and Advisory Services
- Treasury and Forex Services

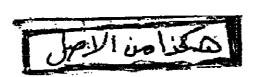


A member of the Standard Bank Group of South Africa
We share your ambitions

LONDON: Sharon Thomas Standard Bank London Limited Tel: (44 171) 929 0999 Fax: (44 171) 815 3099 NEW YORK: Jim Bonfils Standard New York, inc Tel: (1 212) 407 5124 Fax: (1 212) 407 5025 HONG KONG: Jae-Min Cho Standard London (Asia) Limited Tel: (852) 2822 7888 Fax: (852) 2822 7999

MOSCOW: Cor Timmermans Standard Bank London Limited Tel: (7 095) 721 3802 Fax: (7 095) 721 3801 STOCKHOLM: Henric Thornberg Standard Bank London Limited Tel: (46 8) 611 9611 Fax: (46 8) 611 6615

Standard Bank London is regulated by The Securities and Futures Authority and is a member of the London Stock Exchange, the London Bullion Market Association and the London Metal Exchange.



wto chief varus (n trade groups

> arter ur Pending

dring to the table of the Carthagain (that the care)



ille.

Renato Ruggi-ro. director-general of the World Trade Organisation, saicyesterday the proliferatio of regional trade agreemnts must not become an altenative to the multilateral sys-

However, as he spoke it a Washington trade conference. US officials were reparing to accompany Pesident Bill Clinton to Chill for the launch of the larest regional trade grouping yet the Free Trade Agreement of the Americas. Worken it so far has been accompshed without serious controersy

outside of the Americs. Mr Ruggiero, hovever, said he had great cacerns when regional area cover too many countries nd too great a share of word trade to the point wher preferential deals become he rule rather than the excetion in

international trade elations. He acknowledged that regional arrangements could assist global integrtion and provide an impeti to liberalisation. But tls was a world "where thereality of global integration is calling for global solutios across a whole range of plicies and issues," Mr Rugero said.

The multilateal system always provide for some exceptions to itsuasic principle - that tariffuts given to one must be givn to all. But with the growig scope and ambition o regional arrangement it was increasingly car that conformity wit the legal requirements the multilateral system cald not be the only consider ion, he said.

He warner of confusion resulting from the complex web of different regional and multilateralrules and for potential roblems with competing lispute settlement procedres.

Mr Ruggio also called for "revitalisatin" of the WTO Committee on Trade and fying probles to identifying solutions, le identified the need for spetter framework to definethe relationship between itemational environment: agreements and the WT in cases where there we room for contradictions and inconsistencies betweenthe two systems of

He so expressed concerns sout the procedures governig dispute settlement panels Preliminary reports on sentive issues often are leakedto the media by special irerest groups and presentedio the public inaccuratel" he said. "Yet the WTCis prevented by its rule from providing full detas of cases, often for weel, by which time opin-ions and political positions hav been formed, and it is ofts too late to correct mistako impressions. Members wi have to address this pr)lem as soon as possible ifney want to preserve the eitimacy of the system in +1 public's mind."

PERMIT:

Estated 3r ;

tchnical co-ordination kween trade and environental policy-makers and illed for more progress on abour standards and trade. When trade ministers and everal heads of state meet n Geneva next month for a elebration of the 50 years since the multilateral trade system was launched, they will be asked to consider the future of WTO negotiations. Negotiations on services, agriculture and some aspects of intellectual property rights already are on the agenda. Decisions must be

taken about investment and

competition policy negotiations, as well as electronic

vir Ruggiero urged better

Lure of a big find draws oil companies to high-risk Cuba

Pascal Fletcher reports on the western companies filling in the blank spaces on the communist-ruled island's oil map

oil exploration companies, Cuba is a new frontier, forbidden to some. too risky for others and unknown to many. But for the adventurous.

Cuba's untested potential, the lure of a possible big discovery, is an attraction.

"We're all chasing the elephant in Cuba," said Brad Hollingsworth, a vice-president of Calgary-based Cubacan Exploration, one of more than half a dozen foreign oil companies which have accepted the challenge of Cuba's high-cost, high-risk exploration environment.

Oil exploration was one of

the first economic activities on the communist-ruled Carlbbean island opened up to foreign investment in 1990. Companies from Canada, Britain, France, Sweden and Spain, in partnership with Cuba's state oil company Cupet and using old data compiled by Soviet and Cuban prospectors, have been hunting for oil in 22 offshore and onshore blocks. Some have also been helping to improve output from existing wells, which produce up to 38,000 barrels per day (bpd) of mostly heavy crude oil. This fuels some electricity generation and industrial activity in Cuba. but it met only 17 per cent of

n the strategy maps of bulk of which was imported. So far, the "elephant" - a major, commercially viable find of good quality oil hunters. But the pace of

exploration appears to be picking up. Cubacan, a Canadian "junior" company exploring in eastern Cuba, has just drilled its first test well in

Las Tunas province. "The logs look promising Mr Hollingsworth said. although production testing would determine whether oil was present. "I certainly believe there's a lot of oil in

The company's oll production in Cuba increased by end-1997 to 10,000 bpd. a What attracted us to Cuba was not having to compete with the big US oil

been using enhanced recov-

output from existing wells.

companies. Everywhere else in the world you have to compete with the Exxons and the Texacos'

Cuba." he added. third of the national output. This view is shared by Sherritt is also participating other companies. Britain's in a \$150m joint venture to Premier Oil is planning to drill its first well this year in central Cuba. Another Canadian company. Pebercan, which is exploring five onshore blocks, is also reported to be bringing in a The biggest foreign invessumption of 8.2m tonnes, the tor in Cuba's oil sector is

tricity generation on the island. Sherritt, accompanied by Canadian, Swedish and Spanish partners, was the operator in three exploration blocks off Cuba's south-eastern coast, where an exploration well was drilled last year. The well, Ana



Sherritt International, the Maria 1, flared gas and con-Toronto-based Canadian firmed the presence of oilcompany which also has a bearing structures. Mr Hollingsworth said the nickel mining venture on the

island. In addition to explorincreased exploration would fill in the blank spaces in ing in one central onshore Cuba's oil map. "What attracted us to Cuba was not block and two north coast blocks, Sherritt has also having to compete with the ery techniques to improve big US oil companies. Everywhere else in the world you have to compete with the Exxons and the Texacos," he

> Foreign oil company representatives in Cuba generally shrug off the potential threat of the US Helms-Burton law. which foresees penalties against overseas investors on the island who "traffick" in expropriated, formerly

US-owned properties. Sherritt has however been penalised by the US authorities for its nickel mining operation. But the oil companies operating in Cuba argue that whatever exploration concessions existed before the 1959 Cuban Revolution

have long expired. Britain's Premier received a phone call earlier this year from a US official asking about its activities in Cuba. Premier chief executive Charles Jamieson described the call as "purely routine... definitely not a warn-

tinue to operate in Cuba, "I don't believe we're in viola tion of Helms-Burton," Mr

Jamieson said. Two other companies which had operations in Cuba, British Borneo Petroleum Syndicate, and Genoil of Canada, were also reported to have come under similar US scrutiny.

British Borneo, which recently increased its explo ration interests in the deep water US Gulf of Mexico announced it had abandoned its operations in Cuba in January, but "for technical not political reasons".

There have been other pul louts. France's Total, the first western oil company to sign an exploration contract with Cuba in 1990, stopped its exploration activities four years later after failing to make a major find.

Asked about the difficulties of working in Cuba, Mr Hollingsworth cited high operating costs - at least 30 or 40 per cent higher than in Canada. Availability of sophisticated equipment, such as special drilling bits. was also a problem and shipped in from abroad.

Japan condom problem may **benefit** imports

Foreign companies hoping to enter the Japanese condom market should find the going easier after a domestic company was forced to withdraw its product because it was

Japan is the most valuable condom market in the world worth about £260m (\$438m) year - with sales driven by pill. It has the highest rate of use, at 8.9 units per head a year, and accounts for 14 per cent of world sales of branded condoms.

Shares in Sagami Rubber Industries have fallen by 28 per cent since it was forced to withdraw its new polyure-Sagami Original – from sale last week.

The company said it would re-evaluate its quality control measures after "invisible pinholes" were found in the condoms. The company recalled 570,000 packets of six and 280,000 packets of 12 worth Y300m (\$2.3m).

However, Ichiro Ohato, Sagami Rubber president. aid the product had quickly sold out at many stores and they were not sure how many would be returned. The polyurethane con-

doms, which the manufacturers say are thinner and stronger than traditional latex varieties, were tested by health officials who found that six in 315 failed. The internationally recog-

and then rolling them on

nised test involves filling condoms with 300ml of water

absorbent paper to check for leaks. A failure rate of 25 in every 1,000 condoms is

Sagami Rubber launched a high-profile marketing campaign for its new condom including giving them away to journalists at the Nagano Winter Olympics in Februsion and full-page newspaper advertisements.

London International Group (LIG), the makers of Durex, already has permission to launch its products in Japan later this year. LIG's move into Japan, the first foreign entrant, in a joint venture with Okamoto Industries, Japan's leading condom company, is an ny's ambition to make Durex the first global brand in contraception. The company has 21 per cent of the world mar-

LIG will start selling its polyurethane condom Avanti in the summer. Dr Bill Potter, LIG's director of scientific affairs, said polyurethane condoms were thinner and provided more sensitivity. Avanti, which was launched in the US in March last year and in Europe in the autumn, has passed the water test.

"My main concern is that this incident might damage people's confidence with this new material," said Dr Potter. "But this does appear to be a quality control issue, not a problem with polyure-

Avanti's failure rate in the

NEWS DIGEST

GAS-TO-LIQUID FUEL

the island's 1997 oil con-

Chevron and Sasol plan novel plant in Nigeria

Chevron of the US and Sasol of South Africa have agreed to begin design and engineering studies for a 20,000 berrel a day natural gas-to-liquid fuels plant in Nigeria.

The agreement is the latest in a senes of moves by the to take advantage of recent technical advances that promise to make gas-to-liquid fuel plants economically viable.

 The proposed Nigerian plant would be located at Escravos, where Chevron has recently installed a processing unit to handle the large quantities of gas produced as a by-product of crude oil. The flaring of unwanted gas in West African oil fields has become a major environmental concern. George Kirkland, chairman of Chevron Nigeria, said "the

gas-to-liquids project would be an integral part of Chevron's long-term objectives to commercialise our gas reserves and eliminate flaring for the benefit of Nigeria and its people".

Experts believe the first generation of commercial gas-to-liquids plants will need to be fuelled by gas that has no other economic uses, given that the cost of most processes is still relatively high compared with conventional crude oil refining. One of the main advantage of gas to liquids technology, how-ever, is that it produces especially clean fuel. Robert Corzine, London

ARGENTINA HEALTHCARE

US group to invest \$100m

Medical Management of America, the US healthcare and hospital administration group, plans to invest \$100m in private healthcare in Argentina over the next five years. MMA, operating through Argentine subsidiary Trident Investment Group, plans to form alliances with existing companies in the man-

aged care and hospital administration sectors. MMA forecasts rapid concentration in Argentina's health industry, which is characterised by hundreds of small care providers and union-controlled health insurance schemes. The health sector had not yet experienced the transformations

seen elsewhere in the economy, the company said. "We see the system becoming much less fragmented than it is today," said James Desnick, MMA chairman. "We want to bring technology, marketing and expertise and blend them with some of the healthcare systems operating here." Ken Warn, Buenos Aires

CHIP MANUFACTURING EQUIPMENT

Orders down heavily in Japan

Orders for Japanese semiconductor manufacturing equipment, including export orders, declined sharply in February to Y67.5bn (\$520m), a year-on-year fall of 35.1 per cent. The Semiconductor Equipment Association of Japan said the fall represented the third consecutive month of year-on-year declines. The domestic market placed Y30.25bn worth of orders, including imports, a drop of 45.4 per cent.

Carter urges cut in arms spending in the Americas

By Imogen Mark in Santiago

Former US President Jimmy Carter is leading a call for North and South American leaders at their summit in Santiago to agree to curb spending on all types of armaments in the region.

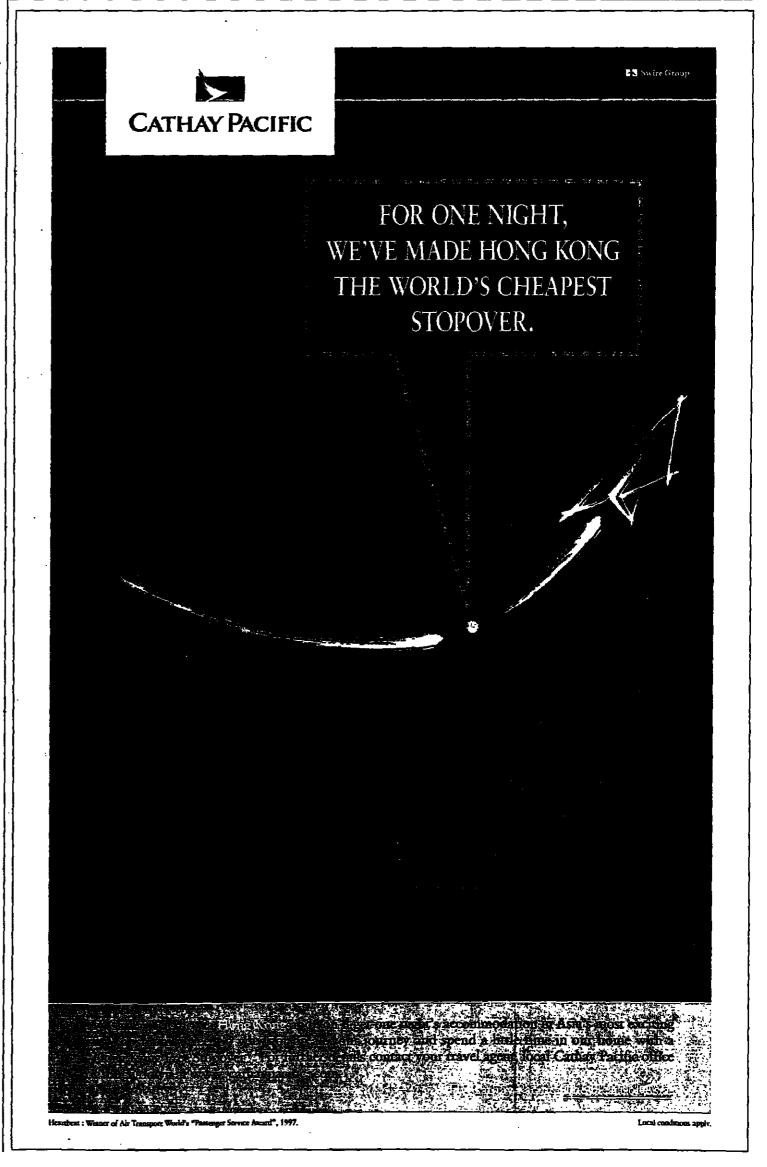
The armaments curbs ticated and costly weaponry such as advanced attack aircraft and long-range missiles simply replace old equipfor the armed forces, but ment, according to the milialso supplies of small arms tary and the defence ministo the Caribbean that are try, But independent defence

used by drug-traffickers. The call is unlikely to be well received by some of the South American armed engaged in a re-equipment programme which will cost them up to \$2bn - for up to recent acquisitions by the 16 of the latest generation of fighter aircraft, two new sub-

would cover not only sophis marines for the navy and ond-hand Mig jet fighters some 300 second-hand tanks. from the former Soviet

experts say that the new aircraft represent a major upgrade and will give the Chilean air force new capaforces. The Chileans are bilities beyond those of its neighbours. The Chileans point to

The new acquisitions will republic of Belarus and possibly up to \$700m in unconfirmed purchases of Sukhol



China plans to remove tax breaks for foreign businesses

China is aiming to remove bringing international manby Chinese enterprises.

systems for foreign and more than double the tax burden on foreign-invested enterprises and may deter

eign capital have started after the venture starts mak- panies with foreign investslowing in China.

The State Administration the preferential tax rates for of Taxation (SAT), which is foreign businesses by 2000, under pressure to increase fiscal revenues to fund China's ambitious infrastructure programme and rising welfare bill, has drawn up The merger of the tax plans to remove the basic anomalies between foreign domestic companies could and domestic income tax

Foreign manufacturing businesses typically enjoy a further international inves- tax holiday in China that tors just as inflows of for includes two tax-free years companies and one for com-

ing a profit and a further three years paying only 50 per cent of the regular income tax rate. Some foreign businesses enjoy even more favourable treatment lasting beyond the initial five-year tax concession, depending on sector, geographical location and special deals negotiated with the government.

†

A SAT official said yesterday: "We have two income tax laws, one for domestic

laws will be merged into one." However, he sought to allay the fears of foreign investors, adding that "this will not mean the end of all favourable treatment for foreign investors". SAT is not expected to abolish all tax aims to dismantle most of the benefits, leaving room for certain concessions in sectors and areas where Bei-

ment it is clear that the two Times, a state-owned news sure to establish equal tax tax rate for foreign and paper, yesterday quoted SAT rates from domestic compasources as saving: "Foreigninvested companies will be subject to the same income tax as their Chinese counterparts before the year 2000." They added that the current two-track system for income breaks in a single stroke, but tax does not conform with the principles of equal taxation, fair competition and

even treatment in China Elizabeth Thong, a solici- similar concessions." tor at Simmons & Simmons in Shanghai, said SAT had has long been considering

.The China Business been under increasing presnies which often pay more than double the income tax of their foreign competitors: "More and more Chinese enterprises have been lobbying the SAT, concerned that they are not able to compete with foreign-invested enterprises. They say they are operating at a disadvantage cause they do not enjoy

The Chinese government

domestic businesses but efforts to improve China's patchy system of tax collection received a new impetus last month with the appointment of Zhu Rongji as prime minister. Mr Zhu has set the reform of the taxation system, which was last overhauled in 1994, as one of the government's key tasks.

Demands for higher tax revenues have focused attention on foreign invested enterprises, which officials

supect are not paying as min tax as they should. a editorial on the front par of the Shanghai-based Buiness News this week the government must no neglect tax evesion by folign investors. The report sal foreign-invested enteres were claiming losses ortheir businesses in China Frm 1991-95, the Chinese tal authorities uncovered caps of tax evasion at forein-funded enterprises and thir subsidiaries worth CAR INDUSTRY

BAe hopes

F. S. L.

. 74

GE CALL

Bes 3.16

bet BA

Vr I ::

3.1- ... ·

livio.

billion ()

Tax v

44

Alexan

ILO warns of social unrest risk in Asia

By John Ridding in Hong Kong and Robert Taylor, Employment Editor

A sharp increase in Asia's tic. unemployed and the weakness of social protection sive crisis, and despite varischemes is raising the risk of instability in countries hit social costs, the response so by the regional economic crisis, the International Labour Organisation warned vester-

"The combination of sharp and unexpected social pain and a lack of relief is fertile ground for breeding social unrest." said the ILO.

Its report, which focuses on Korea. Thailand and Indonesia, will be submitted to an ILO-organised conference of regional government officials, trade unions and employers organisations in Banckok later this month.

The report warns that the poverty" achieved over the past 20 years in many Asian countries will be reversed. It criticises in particular "the contamination of market processes by politics" which it believes must be contained if regulatory changes are to succeed.

According to the ILO, the trend of poverty reduction in countries recently hit by economic crises is set to be reversed. Unemployment and under-employment will rise sharply, while those still falling labour demand and unflation.

In Indonesia, the rice equivalent of the daily minimum wage fell from 6.28kg to 4,76kg during 1997, the TLO said.

in Indonesia will rise to up to 10 per cent this year, against 5 per cent in 1996. In South Rorea, the jobless rate rose from 2.3 per cent last October to 4.7 per cent at the end of February.

In Thailand, official fore-

year, against 3.4 per cent at the end of 1997, are seen by the ILO as too optimis-

"In the face of this masous efforts to contain its far has been inadequate." in South Korea, company-

based unions had been unable to negotiate alternatives to sackings. in Thailand, the low level of unionisation obstructed

negotiated solutions: in Indonesia, the fall in membership resulting from sackings has weakened the Rather than obstructing

economic recovery, strengthened and organised labour bodies were necessary to address problems arising from the crisis, and to avoid ætition. "A democratic deficit

allowed political interference in the market process which led to a misallocation of investment resources," said Eddy Lee, the ILO's chief policy analyst. To defuse social tensions

arising from the economic downturn, the ILO urged an increase in social protection. "Just as the Great Depression forced a new social contract in many industrialised countries in the 1930s, so the in work will suffer a fall in current Asian crisis must be real incomes as a result of an impetus to creating a socially-orie**nted** model.

Recommendations include development of unemployment insurance. an improved social safety net and minimum pensions. Free and representative unions were needed to act as effective interlocutors with employers' organisations

The report has been prenared for an ILO-organised conference in Bangkok next week, on social responses to casts of 5.6 per cent unem- the financial crisis.

GLOBAL CUSTODY

announced each month, will provide further ammunition

year, the worst fall since records began in 1965. The collapse was exagger-ated by frenzied buying last

increase in sales tax, but analysts said the discouraging data underlined the dire was the 12th consecutive month of declines. The sales data, the first important economic figures

sales plunged more than 20

per cent in March year-on-

Tokyo department store handling of the world's second largest economy. Hikaru Matsunaga, the

jing is particularly eager to

lure foreign investment.

finance minister, yesterday arrived in Washington to face a barrage of criticism at a meeting of finance officials from the Group of Seven main industrial nations. Robert Rubin, US Trea-

sury secretary, said the focus of the meeting would be Japan. "It is of enormous importance to Asia and the rest of the world that Janan gets back on track," he said. A combination of low wage inflation, reduced household income Consumer confidence is

Sharp fall in Japan department store sales

being further undermined by ruptcies and record unemployment numbers. The latest grim data are backed up by the 20.7 per cent year-onvear fall in vehicle registrations last month.

"The Tokyo department store figures are notoriously volatile. A wet afternoon, or an extra working day can have a big impact," warned Michael Naldrett, economist

for international critics of bonuses and lower overtime. He said the sharp decline the Japanese government's is having a big impact on was particularly disappoint. ing because taxpayers had received the first tranche of income tax cuts in February. a sharp increase in bank- but there had been no sign that these were being spent in March. There have repeated calls from US officials for income tax cuts in Japan, which they believe would help boost domestic

> However, there are fears that in the present climate consumers would save the money rather than spend it. Ryutaro Hashimoto, the prime minister, is under pressure to make income tax

cuts permanent, a move that might convince consumers to save less. The ministry of lowr production. The minisfinance has recently trypf international trade launched a poster campaign featuring cartoons aimed at encouraging spending.

in the Tokyo area fell 21.4 per cent to Y216.7bn 0.7 pe cent. (\$1.67bn). The decline followed falls of 5.6 per cent in and Steel January and 5.4 per cent in February. It expected that sales would rebound in April on an annual basis, but that pared with a year earlier. It they would show a decline again in May and thereafter. The collapse in consumer

and is feeding through to higher inventories and its idustrial output data for Febrary. Production was The Japan Department down 3.9 per cent compared stores Association said sales with he same month last year and inventories rose

Seplately, the Japan Iron and Steel Federation announced the country's producion of crude steel fell 8.7 per ent last month comwas the fourth consecutive month qyear-on-year

Hashimoto prepares to take Yeltsin fishing in hope of a big catch

Gillian Tett reports on a thawing in relations as Tokyo weighs the chances of recovering the disputed Kurile islands

extended by Ryutaro Hashimoto when the two men meet in the seaside resort of Kawana at the weekend.

fare. They may fish and sit in saunas. Mr Hashimoto, the Japanese prime minister, will follow up with plenty of gifts - on trade and such like - ensuring Mr Yeltsin, his Russian counterpart. does not return home empty-handed. The Japanese generosity reflects the warming of relations between Tokyo and Moscow

At the heart of this thaw is realisation in Japan that

and governments.

Oris Yeltsin may well be noyarsk, the two countries Surprised by the reached a landmark agree-warmth of the greeting ment to try to settle the dis-

There will be unusual fan-

to Russia.

over the past 12 months, which stands in stark contrast to nearly five decades

Mr Yeltsin represents the best hope for a settlement over four disputed islands occupied by Russia but claimed by Japan, Japan is wooing Russia with promises of loans and other eco nomic assistance. Many in Japan believe an opportunity for a settlement over the islands, known as the Kuriles in Russia and the Northern Territories in Japan, may not re-emerge for decades. The return of the islands, which carry little economic significance to Japan, is a matter of immense national pride to the Japanese.

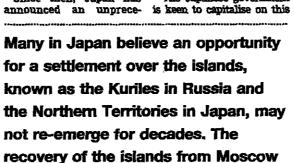
Last year, 50 years after the end of the second world war, Japan and Russian agreed to work towards concluding a peace treaty by 2000. At an informal meeting in the Siberian town of Kras-

ment to try to settle the dispute over the islands. A settlement of the islands

dispute is considered a prerequisite for a broader peace treaty: it has also held back Japanese economic support At Krasnoyarsk, the two leaders agreed on economic

co-operation to help integrate Russia into the global economy, support Russian economic reform, and has agreed to allow Japanese advance energy development fishermen access to the in the Russian Far East and

Since then, Japan has



is a matter of immense national pride

islands

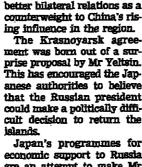
dented \$1.5bn in untied loans to Russia, one of the largest ever to be made by the Tokyo's Export-Import Bank. Yesterday, the Japanese government said it was considering reversing a rule that trade insurance for Russian projects must carry a guarantee from the Russian government or a leading bank. The move is designed

progress of recent months. Japan sees closer relations with Russia as crucial to regional security.

waters around the disputed

The Japanese government

In a seminal speech last summer, Mr Hashimoto acknowledged that of the four main powers with the greatest influence on regional security - US. China, Japan and Russia the relationship between Japan and Russia was the to make it easier for Russian companies to import from weakest. At the same time, Japan Russia, for its part, both Japan and Russia see



are an attempt to make Mr Yeltsin's decision a little easier, says Shigeki Hakamada, professor of international political studies at Aoyama Gakuin University. . However, as hopes rise,. there are strong concerns that both sides are being optimistic. "There is a certain illusion on the part of both Japan and Russia that could turn into disillusion-

ment as 2000 approaches, says Mr Hakamada. The Japanese Illusion is that Mr Yeltsin will make the political decision to return the islands, he says. While Mr Yeltsin has come across as more flexible than past Russian leaders on the issue, any decision to handover the territories will be an extremely difficult one to take politically as most Russians believe the islands

belong to Russia. The Russian illusion, says Mr Hakamada, is that Japan has decided to separate the issue of the islands from that of economic assistance. The Russian public does not understand that under the Yeltsin-Hashimoto agree ment forged at Krasnoyarsk, resolution of the territorial issue is the basis for a peace treaty, he says.

A lot more fanfare and fishing may lie ahead before national flags are swapped on the disputed islands.

Tough talks in prospect over Indonesian debt

and John Authers in New York Negotiations on resolving domestic pres. Prices for Indonesia's massive private foreign debt overhang began yesterday in New York against a backdrop of confusion in Jakarta and growing division in the camps of both international lenders and

their Indonesian debtors. Bankers close to the negoment said it build lift the tiations, which are being ban by April 2 and replace held at the headquarters of it initially within export tax. Chase Manhatten in New of up to 40 percent, to be held at the headquarters of York, said the talks were likely to last longer than the meetings over Korean debt earlier this year and will probably continue for close friend of a Suharto another two days. Indonesia's private foreign debt is put at more than \$74bn.

A series of contradictory signals from the Indonesian government on economic reforms has fuelled fears that the country could once again backslide on pledged reforms

A 117-point reform package was agreed last week with the International Monetary Fund and Indonesian President Suharto this week reaffirmed his intention to carry out the programme. But recent developments have already begun to erode international confidence in Indonesia's commitment to reform.

"The story is not about the

pledges made, it's about

prospects for their implementation – it's about the utter lack of co-ordination and the creeping feeling that one arm doesn't know what the other's doing," said a western diplomat in Jakarta. The latest confusion was triggered by a conflict

between cabinet ministers

over palm d exports, which were banne in January in an attemp to stabilise palm oil andby-products staple items a the domestic market - sared as the rupiah plung in January to a low pont of 17,000 against the doar. Under its last agreement

with the DMF the governreduced after fices stabi-

But Mohand "Bob" Hasan, trade mister and a cast doubts on the plan this week when he sa the han would be maintailed indefinitely, despite the AF agreement. "This is theRepublic of Indonesia, nothe IMP republic." Mr Hasa told an Indonesian newspalr

Other senior fficials rushed to deny MrHasan's assertion. But analys said the confusion had liready done the damage". Te Indonesian rupish and to Jak-arta stock market fellor the third consecutive da after an initial boost in thewake of the IMF agreement

The most distubing aspect of the latest consion is the timing. The iF's executive board is st to approve the Indondan agreement and release he second \$3bn tranche office IMF-sponsored \$43bn respe package. The board is exc-ted to meet next week, at IMP officials have already indicated the money will released in smaller lots. step with a checklist and t get dates for the implen tation of pledged reforms.

DCI...D 4

In Cathy Newman on Lengther.

multi-De or lego i

Brande i 1.1. Beden: ; or -লৈ : : : : BN -: 11 in arm (140) and Grandalla in the white the control of

है। Jaszthan Guthric us London Prench and General Contra bred to bert do to a contract work, the Real of the American Meanwhile of the country like by Server at the of the 1'K

HAT BROUGHT THEM TOGETHER? THE BIRTH OF A STOCK MARKET. WHAT KEEPS THEM TOGETHER? THE BANK OF NEW YORK. .

In lanuary of 1996, under the open-market forces of perestroika, Vagit Alekperov and Dr. Betty Tibbs took their place in history. Three thousand shares of Russia's Lukoil changed hands in U.S. markets for the first time ever. • Since then, dozens of Russian companies have accessed money from overseas capital markets through a tool called the Depositary Receipt. The bank selected to make this happen? The Bank of New York. Today, thousands of clients worldwide are using The Bank of New York to enhance relationships with their investors. In Russia, Chairman Vagit Alekperov and investor Dr. Betty Tibbs are just one example. Visit us at www.bankofny.com/adr

SOLUTIONS FOR INVESTORS AND ISSUERS WORLDWIDE

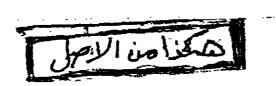
TRANSFER AGENCY SERVICES

ISSUER: Vagit Alekperov.

ADR'S

INVESTOR: Betty Suits Tibbs, M.D.

GLOBAL CLEARANCE



SECURITIES LENDING

CORPORATE TR

Total Control of the State of t

it store sale

Tough talks in

prospect over

ndonesian del

Burge Scholeren in 1947 1

i salar kalaman melana ili k

2010/01/09 198

gradual transfer of

asan interior

Acres to the least

⊋... -- .- .

2 m2 (12 m2 (1))

·莱尔克基图 (19^{10) [1]}

Same of the

7-44 T

anga lan elempi

Nick Reilly, chairman of the Welsh-born Nick Reilly worked Vauxhall offshoot of General as a stockbroker after Motors, is to waive his graduating from Cambridge £160,000 (\$267,000) salary this year in an attempt to persuade workers to accept a radical three-year pay and productivity package

Other directors will take a cut and some senior managings freeze.

increases, reduce wages for operations. new employees and intro-

Graduate 'sorted himself out' on hill

University. He took time off to spend four months in a hut on a became vice-president of GM's hill near his birthplace to "sort a European HQ after three years few things out". His General Motors career started at the

ers have accepted an earn- duce greater flexibility to in return not to impose comraise Vauxhall's competitive pulsory redundancies despite The package will limit pay ness within GM's European the severe overcapacity and

cut-throat competition in the The company will promise European car market. Rejec-

Detroit Diesel Allison Division in-

seas postings he returned to

the UK in the 1980s. He

In north-west England.

the English Midlands. After over

as a director of Vauxhall's plant

hall's Luton plant in the strength of sterling. UKsouthern England. The Vec- built vehicles are now up to ault's Vilvoorde plant in Beltra model it produces is due to be replaced in three years. Mr Reilly said in a letter to

employees yesterday that GM believed it could meet demand for the next-generation Vectra from two plants, rather than three at present. GM's Adam Opel subsidiary in Belgium and Germany. Luton is the most exposed factory because it is relatively old. Vauxhall's posi-

serious question over Vaux- also been handicapped by greedy". than identical cars made in Germany.

Workers at GM's mainland accepted stringent wage and productivity packages. Mr Reilly said he and

Vectras are also built by other senior executives were making personal sacrifices to counter suggestions that the threats over Luton's future were "a sham" to disguise the fact that Vanxhall

tion of the deal would raise a tion within GM Europe has was "just trying to be

Citing the closure of Ren-30 per cent more expensive glum and job cuts at Ford's plant at Halewood, in north-west England, he said accepting the package would European plants have allow Vauxhall to maintain production at current levels

The Vauxhall boss's pay cut was supported by the Institute of Directors, which described it as "sensible". policy, said: "It

Observer, Page 13; Kia dispute, Page 15; Lex, Page 21

Protestant order fails to endorse peace plan

The Protestant Orange Order said yesterday it was "unable to recommend" the Northern Ireland peace pack age to the region's people.

branches in Scotland, the US and Canada - is best known for its parades and is one of the most influential voices on the ruling council of the pro-British Ulster Unionists the biggest party in North-ern Ireland.

David Trimble, the party leader, faces internal opposition after deciding to back the peace agreement. The party will meet on Saturday to give its verdict.

After a day long session in an Orange hall on Belfast's Shankill Road the Grand Lodge of Ireland did not openly reject the accord. But John McCrea, secretary to the Grand Lodge, said the order had "taken note" of the agreement but without a clarification of key issues was "unable to recommend the deal to the people of Ulster". The order sends only 85 delegates to the 800strong council but its influence is wider since as many as 200 of those on the coun-Mr Trimble's supporters said yesterday they were still confident he would win Saturday's vote. The deci-

sion may be an attempt to avoid a split with the hardline Spirit of Drumcree group, formed to campaign for the rights of Portadown Orangemen to march from Drumcree church on the largely catholic Garvaghy Road, the scene of violent clashes in recent years. Joel Patton, of the Spirit of

Drumcree group, left yester day's meeting early after i became clear the Grand Lodge was not going to reject the deal ourright.

Meanwhile, the hardline Protestant Democratic Unionist party yesterday oppose the peace agreement in the May referendum.

The Rev Ian Paisley, the party leader, said: "The reaction of ordinary unionists is one of outrage and amaze ment that any unionist leader could set his hand to such a deal which so fundamentally weakens the union and which would place this province inexorably on the road to a united Ireland."

NEWS DIGEST

IMMIGRATION

Human rights groups hit at detention centre regime

The regime at the Campsfield immigration detention centre near Oxford is condemned today in a report by human rights groups. The Asylum Rights Campaign, which investigated the centre after detainees rioted in August last year, says it is "not viable as it is run at present". Campsfield is one of a handful of detention centres and prison wings which each year hold up to 4,000 refugees awaiting asylum. It holds around 200 of the 800 people detained at any one time. The criticisms come on the day the chief inspector of prisons, who has also carried out an investigation into the centre, is expected to attack the government's policy of detaining asylum seekers. Researchers for the campaign say that Campsfield, run by Group 4 Total Security Services, is "an institution that is permanently on a knife edge." Simon Buckby, London

SOCCER

Players' wages threaten profits

The boom in the popularity of soccer boosted turnover at England's top clubs to record levels last year but rising wages for players remain a big threat to profitability, says a report today. The survey of the 20 English Premier League clubs by accountant Deloitte & Touche reveals that while combined turnover climbed 32 per cent to £455.4m (\$760.5m) last season, wages increased by roughly 35 per cent to £135m.

The league was led by Manchester United, its turnover of £88m was double that of its nearest challenger and its operating profit of £26.2m (which excludes transfer deals and financing costs) accounted for 30 per cent of the Premiership's total of £86m. Patrick Harverson, London

FILM INDUSTRY

Channel Four to expand output

Channel Four television seeks to expand its output of films through its newly-formed Film Four offshoot by striking a financing and distribution deal with a US independent film production company. Jeff Berg, chairman of the big US agency ICM, is trying to reach a deal on Channel Four's behalf with a production group. The deal would involve its US partner helping to finance expensive films. Channel Four intends to invest £28m (\$47m) in films this year and £32m next, Paul Webster, chief executive of Film Four, said a US deal would be part of a strategy to build overseas alliances. John Gapper, London

INSURANCE

Environmental risks to be cited

Insurance suppliers and buyers are to issue unprecedented guidelines this summer to help companies identify environmental risks when they arrange insurance cover. The Joint Pollution Working Group includes the Association of British Insurers, the Association of Insurance and Risk Managers and the London Insurance and Reinsurance Market Association. It was set up after Cologne Re, a big German reinsurer, criticised the way environmental risk was insured. Insurance companies have also been alarmed by the litigation spawned in the US by efforts to clean up contaminated land under Washington's costly Superfund legislation. Leyla Boulton, London

COMMERCIAL VEHICLE SALES

UK truck registrations: March 1998

	1	Wer 196	8	Mar 1997	J	Jan-Mar 1997		
	Volceme	% City	% Stam	% #2010	Volume	% chg	% 8120	% share
Total ·	4,777	24.8	108.8	100.5	12,290	27.5	100.0	100,0
iconoxis	3,427	53.0	71.7	58.2	8,473	48.2	68.9	59.3
Loyland Dal (Paccar')	1,008	23.8	21,1	21.3	2,608	22.2	21.2	22.1
hreco Group** (Fist)	1,021	1.6	21,4	28.3	2,365	174	19.2	20.9
Marcades-Bertz (Daimler Bertz)	738	43.0	15.4	13.5	1,905	34.3	. 15.5	14.7
Valvo	529	11,1	11.1	12.4	1,376	16.8	11.2	12.2
Scania (Investor)	454	12.4	9.5	10.6	1,450	30.2	11.9	11.6
MAN '	412	66.1	8.6	6.5	985	57.6	8.0	6.5
ERF	291	182.5	6.1	27	709	41.2	5.8	52
Remealt	223	77.0	4.7	3.3	472	50.8	3.8	3.3

Imports take bigger share

imports increased their share of the market for commercia vahicles of all types last month, figures from the Society of Motor Manufacturers and Traders showed. Imports accounted for 53.9 per cent of sales, up from 46.6 per cent a year before. For the first quarter, imports accounted for 53.7 per cent, up from the 1997 period's 48.5 per cent. Combined demand for imported and UK-made commercial vehicles increased by 26.6 per cent in March compared with the same month a year before. Light vans, mainly derived from cars, saw a 30.4 per cent increase in registrations; panel vans, typifled by Ford's market-leading Transit, saw a rise of 28.5 per cent, while trucks - vehicles of more than 3.5 tonnes - saw a 24.7 per cent increase. Registrations of buses and coaches rose by 17.2 per cent. John Griffiths, London

BAe hopes Siemens deal will close compeition gap

Mike Donovan, to head a new defence unit, Navy's next-generation frigsets out the group's strategy following its latest purchase. Alexander Nicoll reports

ritish Aerospace review will produce extenbelieves its acquisition sive reform of procurement lite communications. of Siemens Plessey's UK practices, involving industry • A 50 per cent si defence electronics businesses will add a vital organ to its group structure.

– will enable BAe to form a new defence systems diviwide. BAe is paying Siemens for the UK and Australian arms of Siemens Plessey. The remainder will go to

Daimler-Benz Aerospace. BAe hopes to be seen as an which some other capabili- is going".

ties have been attached. The new division, headed by Mike Donovan, has annual turnover of £600m. but BAe hopes to boost this. Mr Donovan was managing director of Rolls-Royce Mr Donovan. Motor Cars before joining BAe in 1994 to run its regional aircraft husiness He now seeks to create a unit which responds to the employees and makes air governments support. How-

practices, involving industry • A 50 per cent stake in in the earliest stages of sys-

"You used to have individ-The move - cleared this ual services buying platweek by the UK government forms to their own specifications," says Mr Donovan. "Now the customers want to come up with solutions of Germany £320m (\$534m) which deal with the threat."

r Donovan says the other providers for work on all-rounder, capable of man- BAe-led aircraft programmes aging and integrating entire as primus inter pares, shar-weapons programmes, rather ing a common view with its than as an aircraft maker to parent of "where technology

> We will compete as British Aerospace, as a boundaryless organisation. Our skills and capabilities are not landlocked within the parts of the group," says

together: The UK's strategic defence be installed on the Royal sible expansion.

ates. It has a stake in the Archer consortium which will make the British army's Bowman radios and interests in missile defence and satel-BAe Sema, a naval systems • A 49 per cent holding in

STN Atlas Elektronik, a German systems company bought jointly last year with Germany's Rheinmetall, sion, filling an important articulate what their prob which makes naval and land gap in its ability to compete lem is in the battlespace, systems and it is up to industry to systems integrator for German Leonard 2 tanks. A 50 per cent stake in

Sika, a venture with Lock-

heed Martin of the US which defence systems unit is competing to meet a £2bn will compete with US/UK requirement for Tracer advanced reconnaissance vehicles. BAe says this collection places the group third in the

world in systems integration, behind Lockheed and GEC-Marconi. The acquisition of Siemens Plessey returns UK assets to British ownership. But BAe

believes that it is now in a

stronger position ahead of the restructuring of the The new division brings European defence industry, for which the group has long • Siemens Plessey (Defence argued and which the Systems), which has 2,200 French, German and British trend towards integrated, defence weapons including ever, Mr Donovan says BAe



BSkyB files writ against digital T

British Sky Broadcasting, the satellite operator, has begun legal action to try to prevent British Digital Broadcasting selling boxes needed to unscramble digital terrestrial television signals:

writ against BDB, owned by Carlton Communications and Granada Group, claim-

not be fully compatible with: broadcasting at least 15 terits own. News Corporation, restrial channels in the is seeking an injunction to its customers would not be Rupert Murdoch's media conglomerate, is the biggest shareholder in BSkyB.

By using different technology to BSkyB in its set-top The writ alleges that BDB boxes, the writ claims, BDB has breached an agreement will not be able to run some signed on June 20, when of BSkyB's services and an BSkyB was forced to pull out electronic programme guide BSkyB yesterday issued a of BDB because of regula- to digital channels similar BSkyB's demands. "We are tory concerns. BSkyB is to the satellite company's ready and waiting. BSkyB

prevent BDB marketing or able to receive a full version selling boxes which are not of BSkyB's electronic pro-"fully interoperable". The gramme guide, the company company was unavailable for comment last night.

prepared to co-operate with

But BDB indicated it was

denies its boxes will not be interoperable with digital satellite decoders. Mr Walmsley suggested

that BSkyB's decision to issue a writ was motivated launching a 200-channel digi- own. should stop litigating and by commercial rivalry. tal satellite service in June, BSkyB does not want cus- start co-operating," Nigel while BDB plans to start tomers to be confused by Walmsley, director of BDB SES offering, Page 16

Germans and French take building jobs

French and German construction workers are being for 10 years, it added. lured to Britain by plentiful work, the Royal Institution of Chartered Surveyors said

Meanwhile, skilled building workers who moved out construction spokesman. of the UK to work in the

to the country because the shortages of skilled labour. the RICS, costs rose by 6.9 struction Market Survey. construction industry is "The debilitating shortage of per cent year-on-year in the healthier than it has been bricklayers continues to get last quarter of 1997, challook for the next 12 months

market is very strong," said Richard Houghton, RICS

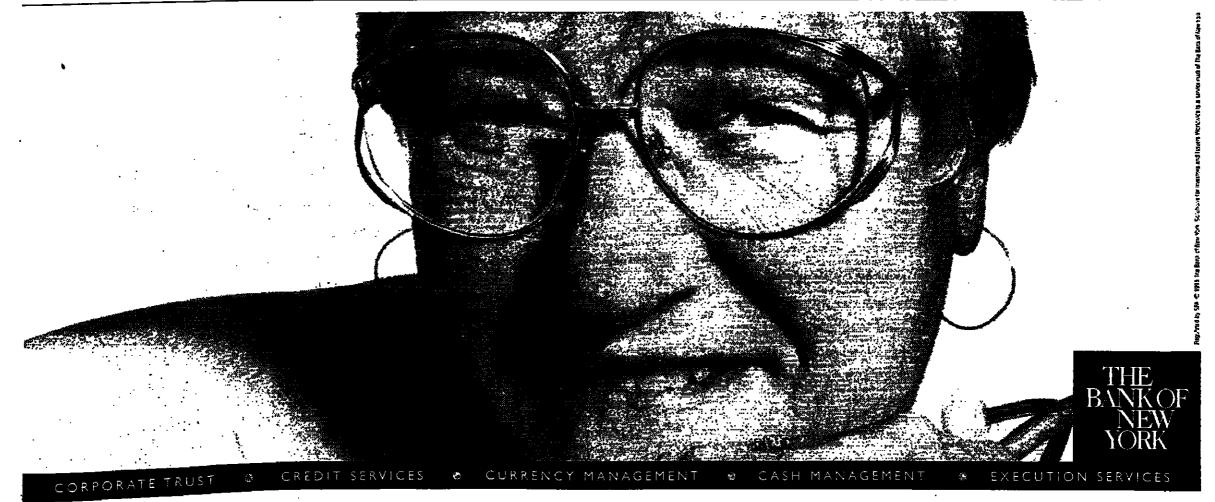
"Housebuilding is buoy- firms reporting difficulties, a the late 1980s. ant, the leisure industry is 7 point increase on last quar-going crazy and the retail ter." he said. Plasterers and carpenters were also in short

supply. Skill shortages are contri-Mr Houghton said the buting to strong rises in conearly 1990s are flooding back boom was causing growing struction costs. According to according to the RICS's Con-

worse, with 83 per cent of lenging previous peaks in was good, with construction

successive quarter between year-on-year increase in The rebound began last year. workload of 18.8 per cent.

companies benefiting from Output grew for the eighth Millennium building work. The strong performance December and the end of contrasts with a steep March, contributing to a decline in the early 1990s.





Process makes power from old lumber

A group of German researchers has developed a process for converting unwanted wood into gas, which can be used to

generate electricity and heat, The process uses "fluidised bed gasification" to convert the wood into gas, which is then cooled and used as fuel for an engine, its overall efficiency is much higher than if the wood was burned and the heat used to drive a

steam turbine. The blomass cogenerator, was developed by the Fraunhofer institute for Environmental Safety and Energy Technology. Fraunholer Institute for Environmental, Safety and Energy Technology: Germany, tel 2088598186; fex 2088598290.

Battery breakthrough

Research by the Massachusetts institute of Technology could lead to energy-efficient batteries. The researchers identified a new class of materials that could form the cathode - or negative electrode - of lithlum batteries. Lithium batteries have the highest energy density of all rechargeable batteries, making them particularly suitable for relatively light items such as laptop computers. The snag is that the material normally used for the cathode - lithium cobatt dioxide - Is expensive. The researchers substituted

aluminium, which is light and relatively cheep, for some of the cobait. This raised the voltage of the battery while decreasing the density of the material according to a report in Nature, the international science journal.

Massachusetts institute of echnology: US, tel 6172531581; fax 6172586534.

A blow for cold sufferers

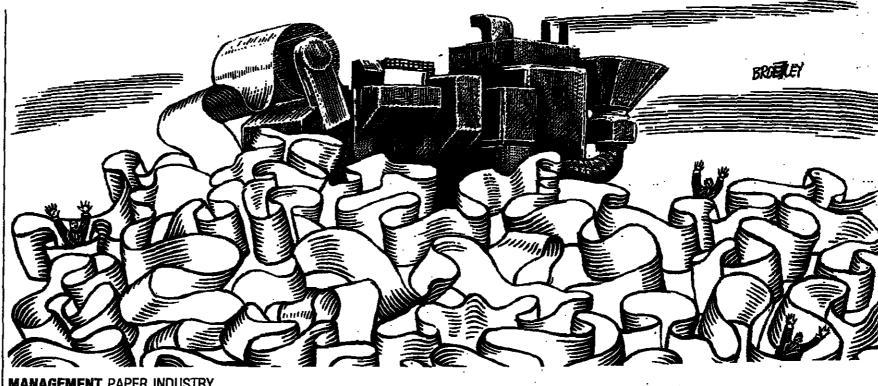
New approaches to preventing colds could be opened up by the discovery t the structure of part of the receptor that allows cold viruses to enter the body.

US researchers found that a common cold virus rhinovirus 16 - contains 60 sites capable of connecting to a receptor, called ICAM-1 on numan cells. The normal function of ICAM-1 is to hold white blood cells in place so that they can fight infection.

Using X-ray crystallography, the scientists found that the virus attaches to a different site from the one used by white blood cells. If scientists could prevent that interaction from occurring, it would be possible to eliminate many colds in humans without interlering with the normal function of the receptor.

Two teams, from Harvard Medical School and Purdue University have reported similar findings, described in this month's Proceedings of the National Academy of . Purdue University: US, tel

7654942096; http:// ws.uns.purdue.edu/ Vanessa Houlder



MANAGEMENT PAPER INDUSTRY

Breaking with run-of-the-mill attitudes

The papermaking sector is at last considering innovations, such as customer care and consulting the workforce, that are standard practice elsewhere, says Tony Jackson

a good time to be in oners of traditional thinking capital-intensive Their response to abysmal industries. Competition is pricing is to cut costs and fierce, the cycles vicious and returns meagre. Among the But the worst of the lot is the industry.

During the 1990s, all but two or three of the world's papermakers have failed to cover their cost of capital. It is an unsustainable situation, with the companies themselves divided on how to rectify it.

In ways not unique to

The late 1990s are not their industry, they are pris- gest fine paper company, consolidate yet further. Ideas such as pleasing rather than sufferers are steel, petro- confronting the customer, or market. Against the Johanchemicals and oil refining. consulting rather than con-nesburg market, Sappi's has trolling the workforce, are in their infancy.

We explored these issues recently in separate but First, he says, the size and related conversations with cost of world-scale plants two of the industry's bosses: has soured in the past two John Dillon from Interna- decades. A pulp mill may tional Paper of the US, and cost up to \$1.5bn and a paper Eugene van As from Sappi of machine \$500m. These sums South Africa.

Sappl is the world's big- but the largest of the indus-

while International Paper is the world's biggest paper company, period. Since 1995. International Paper's stock has halved relative to the US to 7 per cent a year. So one machine accounts for two years' market growth. fallen by three-quarters.

The case for consolidation is set out by Mr van As. machine's output into North America and Asia. are beyond the reach of all

tors in those markets follow suit, the overcapacity problem is simply translated to a world scale. This is where the third motive for consolidation comes in.

nanufacturers, Mr van As argues, and you cut the risk of overbuilding and excess inventories - the two main forces driving the cycle - for the industry as a whole. The aim is what is politely known as an orderly market: but is this not another way of describing a cartel?

Not at all, Mr van As says. The past decade has seen the emergence of very large cusimbalance, with the supply than the demand.

This leads to confused market signals, with small suppliers building inventory one month and slashing prices the next. But customers do not care much what the price is, provided they are not paying more than their rivals. A structure such as the

food industry, with a handful of big supermarket chains and a few big manufacturers, would lead to price stability, and both sides would be harnier. Well, maybe. In the meantime, a note of belligerence

plants are larger in relation particularly peeved by custo their markets, and thus tomers who speculate in his ers is relatively new. worsen the industry cycle. In product. "We've said very Austria, Sappi is building a firmly that we will not build machine with annual capacity of 470,000 tonnes. The inventory for people to speculate against us," he says flatly. "We'll take down-time European market for the [at our mills] instead." grade it makes is about 3m So there we have it: a cortonnes, rising at 6 per cent nered industry, which in the on safety.

last resort sees its customers

for merger in the industry.

sation rather than consolida-

tion, which he does not see

"We're in some businesses

as the enemy. Over at International Paper, what does For Mr van As, the answer is clear. The world market Mr Dillon make of this? for that particular paper Perhaps unsurprisingly for grade is 17m tonnes. Sappi the industry leader, his tone must therefore exploit its is more diplomatic. First, he global position to sell that says, his company has probably been the biggest force

But if Sappi's big competias a nanacea.

three players, and they're Reduce the number of very competitive," he says. might lead to better market signals, "But no matter how have to do something about it," he adds. The typical paper com-

takes it as an article of faith that it has the lowest-cost capacity in the world. So even if the market is signalling a glut, companies will tomers - that is, paper dis- go on running their tion. tributors - on both sides of machines regardless. the Atlantic. The result is an This results in turn from standby capacity, so when

an obsession with manufacof paper more fragmented turing efficiency. His company, Mr Dillon says, was historically no different: "We had the single belief that success came from a lowcost, highly efficient manufacturing strategy. You can't are not short of solutions. win without that, but you can't win on just that dimen-

> So what else is needed? Above all, a focus on the customer. Bizarre though it sounds, this evidently has the force of novelty. "If you wrote 'International Paper starts to think of customers', then we'd get hell," he says. "But though we've been in business for 100 years,

we can do with our custom-

So in packaging, for instance, International Paper aims to sell its skills in graphics and design. Some customers will be offered help with their manufacturing and others offered advice

Another innovation, Mr Dillon says, is to use the knowledge of his production workers. Again, this is scarcely a novelty elsewhere: the world motor industry. for instance, learnt it from

17.2

130

9.5

 $\mathbf{T}_{\mathbf{y}^{\prime}}$.

least in

1

1

a' '

De

INTERNATION AT

Arts

Guide

AMSTERD AM

· . 1 .

Toyota long ago. But his industry, Mr Dillon says, has laid such stress on sophisticated process con-But the motive was globalitrols that the human element has been excluded. He now aims to consult workers. on, for instance, small variawhere there are only two or tions in the moisture content of paper across the machine. Improvements in productiv-Granted, consolidation ity and quality, he says, have been striking.

Finally, Mr Dillon has disgood the signal, you still covered that it does not always pay to run his milk flat out. "History has always said producing more is a pany, Mr Dillon argues, way to reduce your costs." he says. "But when you study it, marginal output can be very expensive. We're reducing production at some mills, and getting cost reduc-

That also gives us demand does comé; we don't That's very basic economics. but it's something we haven't understood or prac-

Mr van As and Mr Dillon But will they be in better shape to cope with the next cyclical downturn? Neither is sure: a fact that speaks volumes for the industry's

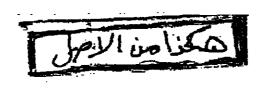
"I think people will be very careful," Mr Dillon concludes. "But there are two horrible terms in any industry: I'm the low-cost producer, and it's different this time.



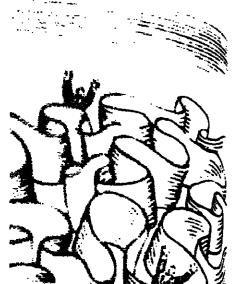
Bids are now being accepted to enter California's competitive power generation market.

California's electric restructuring continues with the successful implementation of a competitive power generation market. Pacific Gas and Electric Company is selling four fossil-fueled generating facilities and two geothermal generating facilities in Northern California. The fossilfueled facilities include the 2,022 megawatt Pittsburg plant, the 680 megawatt Contra Costa plant, the 423 megawatt Hunters Point plant and the 363 megawatt Potrero plant. Additionally, geothermal facilities consisting of the 978 megawatt Sonoma County plant and the 246 megawatt Lake County plant will be sold. The first stage of the bidding process has started. To obtain more information and a confidentiality agreement, call David Nastro at Morgan Stanley & Co. Incorporated: 212 761-7563

> Pacific Gas and Electric Company



THE ARTS



. **L. T.**

Continue of the second visiting

ill attitude

1 % (...

Studies

enterior con L

Sec. 25. 5

and the second

March 1997

- ---

g (2000)

japang ta**g**andiga ori

and the second of the second

and the second of the second

gadi serakki in seri

المحادث بمهورة

A Branch Market

4.5

r Agricultur (1987)

gwill Elizabeth and

region for the first

-

30 No. 10 No.

 $= \frac{1}{2} \sum_{i=1}^{n} \frac{1}{n} \left(\left(\frac{1}{n} \left(\frac{1}{n} \right) + \frac{1}{n} \left(\frac{1}{n} \right) \right) \right) + \frac{1}{n} \left(\frac{1}{n} \left(\frac{1}{n} \right) + \frac{1}{n} \left(\frac{1}{n} \right) \right) \right)$

£ 24. --

ga gasar ing da

Table Nova . To

The second of the

September 1981

18 DE 1

er og gen av 1850

Europe (France)

AND THE PARTY

.....

Incredulity rules as angst is exorcised

This is the greatest anti-political correctness comedy we may ever see, writes Nigel Andrews

Is the rebellion happening at can't sharpen his own fuzzy He extends even further the last? Only recently, in As outline. Good As It Gets, Jack Nicholson got in 30 minutes of pet hates and prejudices before Life's complexity, and that the pc police arrived. He was of life's relation to art, fuels then de-Scrooged with help his wayward delight in life dog and lots of contrite dia-

CINEMA

In Deconstructing Harry Woody Allen makes the greatest anti-political correctness comedy we may ever see; with no deathbed repentance. From the man we were told to hate by the tabloids a few years ago, circa the Farrow affair, here are 100 minutes of crazed, funny, redemptive indignation, volleyed back at selfrighteousness, hypocrisy and indeed any belief system that claims the world can be a place of tidy rules and

emotions. Allen's distraught writerhero rails against women, shrinks, parents, lawyers, Jews and himself. And why not? Literary rivals are out to get him. A vengeful exflame (Judy Davis) wants to shoot herself or him. Meanwhile he tries to exorcise his angst over psychotherapist wife Kirstie Alley and fanatical Hebrew sister Caroline Aaron by merging them. imaginatively, into a fictional Yiddish banshee

"novelisation". The style is arrives with a black prostirichness. A hero-in-duplicate and find out. Allen and his imagined self played by Richard as inventive as its bustling Benjamin - presides over a iconoclasm. When actor iostling cast also including Woody isn't giving voice to Billy Crystal, Elizabeth heretical sex reveries or Shue, Mariel Hemingway enlightened atheism and Robin Williams. This last plays an actor and third and the Pope I'll take air ally, can't get into focus for Woody is playing cut-up

The film's central character isn't just a curmudgeon. believe this!" a catch-phrase long before the Victor Meld-

DECONSTRUCTING HARRY Woody Allen

GREAT EXPECTATIONS Alfonso Cuaron

MIDNIGHT IN THE GARDEN OF GOOD AND EVIL

Clint Eastwood **GUMMO**

HARD RAIN Mikael Salomon

Harmony Korine

LIKE IT IS Paul Oremland

rew character in the television programme One Foot In The Grave.

So it is right that when his played by Demi Moore: a celebrity author-hero finally mixture of Freud and Moses in drag. fetches up at the movie's only real plot destination -Everyone here has a fic- an honours ceremony at his tive alter ago as we shuttle old university - he brings between real life and mental his chaos with him. He confusing for five minutes tute, a kidnapped son and a before we start relishing its dead body. Don't ask how; go

> The movie's technique is "Between air conditioning conditioning" - director

raggedy documentary style of Husbands And Wives: throws in an unrelated from a loving woman, a little and art. As an actor-comedi-shaggy dog story with new an-writer-filmmaker Allen characters, so that we have has always been good at to work out the relevance of incredulity. He made I don't (say) the elderly wife ner-

> failure of nerve when or leave us."

reason to see Great Expectations, in which Dickens's novel is translated to modern-day Manhattan and Florida. Playing a gulf coast Miss Havisham, she lives in a Getty-sized mansion and seems to have emerged from some "Come dressed as Melina Mercouri" party. Blonde mouth, and enough eye-liner to sink a ship. Being ambulant rather

rings around the ersatz Estella (Gwyneth Paltrow). And when her guest-star cated host and picking up stint is finished, she is some gratuitous love interreplaced as plot catalyst by Robert De Niro, whose mod Magwitch is at least a reasonable substitute. Elsewhere, though there is some pretty photography insipidthe camera. Literally. He with the sound or visuals. ity reigns, or even pours. has thoughtfully brought to drop. And in The Lady

handheld camera, cuts in mid-shot or even mid-sentence. And sometimes he vously inquiring into her husband's history as an axemurdering cannibal. This is a film to explore and exult in. I had suspected

Allen's first films after his media crucifixion included a dainty comedy (*Manhattan* Murder Mystery) and a feature-long party political broadcast about his caringness as a father (Mighty Aphrodite). He seemed to be saying, "Sorry, world, please love me." Deconstructing Harry Says "Go jump in the lake, world. This is what I and the rest of bewildered, passionate humanity are like. Love us 'Go jump in the lake, world': Kirstle Alley and Woody Allen in 'Deconstructing Harry' Anne Bancroft is the only

Despite its bombastic title, a delightful air of unhurried elegance permeates the first hour of Midnight in the Garden of Good and Evil, Clint Eastwood's adaptation of John Berendt's best-selling novel, writes Peter Aspden. John Kelso (John Cusack) is the New York journalist sent to Savannah to cover the legwig, lipsticked moue of a endary Christmas party of antiques dealer Jim Wil-

liams (Kevin Spacey).

He finds plenty to amuse than chairbound, this him in an alien world of con-Havisham literally dances trived gentility and wilful eccentricity, and is happy to Pip (Ethan Hawke) and his play along, jousting good-humouredly with his sophistiest (Alison Eastwood) along the way. But his reporter's instincts

are aroused; and after being avoid the cliché-ridden lulled to sleep by the tape of extraneous city noises he

with him, he wakes up with Chablis - a quipping, flirta- Korine's control of his star- armoured car heist is waymore than a 600-word society thous transvestite played by piece inside him -"It's like him/herself - he has a charcaline," he tells his editor strong for the delicate balexcitedly.

So far, the languorous pace and affectionate tone adopted by Eastwood work ball in particular is too long wonderfully well. Cusack and too camp for the film's and Spacey are excellent, narrative thrust. But much and the air of menace beneath the civility is conveyed with subtlety and

But then the calm of both story and movie is disturbed. Williams shoots his gay lover (Jude Law) in apparent traumatic trial - but how will this strange, upstanding community deal with this dramatic coming out? Eastwood slightly loses his

courtroom drama, he also allows the film's momentum

Gone With the Wind on mes- acter that is simply too ance of the movie: a scene in which (s)be accompanies Kelso to a black graduation

A CHARLES

to enjoy nevertheless.

touch here; in trying to

succeeds.

tling images; and no short- laid by a midwestern river age of confidence in his flood. At the risk of stating issues such as drug use. prostitution and mental and physical handicap Korine's most explicit influences are and if that sounds like hard work, it is.

Another side of America entirely is depicted, with rather less celebration, in Harmony Korine's bleak debut feature Gummo. Set in both children's single parthe charmless suburbia of ents that they miss their Xenia, Ohio, a town laid partners, a desperately sad self-defence and has to face a waste by a tornado and encounter between the seemingly torn from its younger boy and a blind, his blossoming gay sexuality moorings of normalcy, this retarded, overweight girl in swinging Soho. Roger Dalrambling pseudo-documen- who has been forced into trey is splendidly over the tary account of two teenage boys on an unknowing rampage of cat-and-granny killof contrivance. ing sets out to shock, and

plishment in 23-year-old groovy powerboats as a \$3m be.

treatment of disturbing the obvious, there is simply too much water around for this to work: once we are through the first round of duckings, divings and Diane Arbus and Godard, drownings, there is nowhere left to go but downwards, in every sense. But Gummo repels and Like It Is is an energetic

compels in equal measure, its infinitesimal touches of tenderness - the casually despatched remarks from prostitution - compensating top as a lewd music execufor the occasional moments

Hard Rain has Morgan Freeman and Christian a music biz in-joke than the There is no little accom- Slater racing round in sensitive love story it tries to

independent British film which asks us to consider the improbable plight of a northern bare knuckle fighter who sleeps with his Manchester United shorts on (yes, a very masculine fellow) coming to terms with tive, Dani Behr is a pleasingly shrewish singer-on-theskids but this works more as



old hand of fate

THEATRE

SARAH HEMMING

The Iceman Cometh Almeida Theatre, London M1

Bars are proliferating across the London stages, but there is surely none as dejected as the one that occupies the Almeida playing space for Howard Davles's towering revival of The Ice-

In Bob Crowley's design for Eugene O'Neill's 1912 "No Chance Saloon", the very bar itself is sliding downhill – but the fancy light fittings suggest that once, like its occupants, it knew better is the failed attorney (Duncan Bell); the times. When we enter the auditorium, the decrepit bunch of alcoholics who call the place home are there before us, slumped over the tables. It looks an unlikely venue for an intellectual tussle about the validity of truth as against what Ibsen called the "life lies", but O'Neill has set the debate amongst those to whom it means most - men who have nothing left but their pipedreams.

O'Neill's journey through the lower depths is not one to be taken swiftly: regular benders, who will bring with

the Almeida's production comes out at four bours plus and the biggest laugh of the evening came when one character growled at another "get on with it. you long-winded bore." But sticking with it pays dividends. For the first act we are simply steeped in the life of the men in the bar. At one point, Harry Hope, the ironically named owner of the bar, begins to wax lyrical about his dead wife, and the whole cast moves as one towards him like a shoal of fish, recognising a bout of reminiscence that usually heralds the opening of a bottle.

The large and excellent cast differentiates superbly between various types of drunkenness and dereliction. There wheedling black gambler (Clarke Peters); the downtrodden war correspondent (Ian Bartholomew); the former anarchist who has given up on life (Tim Piggott-Smith) and the twitchy traitor who seeks his help (Rupert Graves). But neither O'Neill nor the cast allow you to forget the desperate plight of these men. All eyes swivel every time the bar doors open as the men wait for an expected guest: Hickey, a travelling salesman given to

booze and oblivion. But this time, when Hickey blows in, he brings with him an icy draft.

r to burn

Hickey, played by Hollywood star Kevin Spacey, has reformed and wants to convince his drinking cronies that they should abandon their pipedreams and face the truth about themselves. Who and what exactly is Hickey? His purpose and nature are as mysterious as those of Priestley's famous inspector, and Spacey's performance is wonderfully unsettling.

Dapper, twinkly, pliant, the silver-tongued salesman selling salvation, he breezes in and manages to be both charming and sinister as he glides around the bar, touching the old folks on the shoulder as if fully convinced of his healing power. He preaches selfawareness, which sounds grand; but as his final speech, delivered with hair-raising insouciance, reveals, his own self-discovery was bought at a terrible price.

There are places where Davies's production flags and the plays mysterious power loses out to its unwieldy length and repetitive text, but on the whole this is a skilfully crafted staging that allows the play's icy hand to grip us.

The Almeida Theatre's 97/98 season is

INTERNATIONAL

Arts Guide

AMSTERDAM

OPERA

Netherlands Opera, Het Muziektheater Tel: 31-20-551 8911 Wozzeck: by Berg. Wim Trompert directs a revival of Willy Decker's 1994 production, with designs by Wolfgang Gussman. With the Netherlands Philharmonic conducted by Hartmut Haenchen; Apr 16, 19, 21

BELFAST

OPERA Grand Opera House Tel: 44-1232-241919 The National Opera of Latvia: Nabucco, by Verdi; Apr 16

BERLIN

CONCERT Staatsoper unter den Linden Tel: 49-30-2035 4555 www.staetsoper-berlin.org Berlin Philharmonic Orchestra: conducted by Daniel Barenbolm in works by Liszt, Schumann and Beethoven; Apr 16

The state of the s

Deutsche Oper Tel: 49-30-34384-01 La Sylphide: revival of a production designed by David Walker and directed by Peter Schaufuss, after August Bournonville: Apr 18

OPERA Deutsche Oper Tel: 49-30-34384-01 Der Prinz von Homburg: by Henze, Conducted by Christian Thielemann in a staging by Götz Friedrich; Apr 16 Parsital: by Wagner. New production conducted by Christian Thielemann in a staging by Götz Friedrich; Apr 19

Staatsoper unter den Linden Tel: 49-30-2035 4555 www.staatsoper-berlin.org Die Melstersinger von Nürnberg: by Wagner, Harry Kupfer's new production is conducted by Daniel Barenboim and Sebastian Weigle: Apr 19

BIRMINGHAM CONCERT

Symphony Hall Tel: 44-121-212 3333 Ivo Pogorelich: recital by the pianist of works by Rachmaninov, Granados, Prokofiev, Schumann and Chopin; Apr 23

CHICAGO CONCERTS Orchestra Hall Tel: 1-312-294-3000 www.chicagosymphony.org Chicago Symphony Orchestra:

conducted by Donald Runnicles in works by Wagner, Haydn, Pärt and Britten. With cello soloist John Sharp; Apr 16, 17, 18, 21 Chicago Symphony Orchestra: American premiere of Carter's Clarinet Concerto, conducted by Pleme Boulez with clarinet soloist John Bruce Yeh. The programme is completed by Mahler's Symphony No. 1 in D Major;

FLORENCE **OPERA**

Maggio Musicale Florentino Tel: 39-55-211158 www.maggioficrentino.com The Lady Macbeth of the Misensk District: by Shostakovich. New production by Lev Dodin. conducted by Serrivon Bychkov. Teatro Comunale; Apr 21

FRANKFURT CONCERT

Alte Oper Tel: 49-69-134 0400 Chamber Orchestra of Europe: conducted by Nikolaus Hamoncourt in works by Schubert, Mendelssohn and Schumann. With violin soloist Thomas Zehetmair; Apr 21

GENEVA CONCERT

Victoria Hall Tel: 41-22-317 0017 Orchestre de la Tonhalle de Zurich: conducted by David Zinman in works by Bartok and Mahler. With violin soloist Viktoria Mullova;

Apr 22 LONDON CONCERTS Barbican Hall Tel: 44-171-638 8891 London Symphony Orchestra: Michael Tilson Thomas conducts works by Mahler, Ives and

Bernstein: Apr 17

Royal Festival Hati Tel: 44-171-960 4242 Philharmonia Orchestra: conducted by Mikhall Pletnev in works by Tchaikovsky and Berlioz. With violin soloist Victor Tretyakov; Apr 16

 London Philharmonic Orchestra: Ben-Hur. Projection of the 1925 film with live performance of Carl Davis's Score, conducted by the composer, Apr 18
• English Chamber Orchestra:

conducted by Pinchas Aukerman in works by Dvorák and Mozart, with piano soloist lyuko Nakamichi, and by Shuntaro Sato in Bartok's Viola Concerto, with Zukerman as viola solóist; Apr 20 Philharmonia Orchestra: conducted by Mikhail Pletnev in works by Berlioz and Tchaikovsky.

With mezzo-soprano Jean Rigby; Orchestra of the Age of Enilghtenment: conducted by Sir Simon Rattle in works by Mozert, Berlioz and Beethoven. With mezzo-soprano Ann Murray;

MILAN OPERA Teatro alla Scala

Apr 22

Tel: 39-2-88791 www.lascala.milano.it Linda di Chamounisc by Donizetti. Co-production with Vienna Staatsoper conducted by Roberto Abbado in a staging by August Everding; Apr 17, 18

MUNICH CONCERTS Philharmonie Gasteig Tel: 49-89-5481 8181 Munich Philharmonic Orchestra: conducted by Günter Wand in works by Schubert and Bruckner. Apr 19, 20, 21 Vienna Philharmonic Orchestra:

conducted by Vladimir Fedossejew in works by Schubert, Haydn and Tchaikovsky; Apr 22 Klassische Philinarmonie Bonn; conducted by Heribert Beissel in works by Rossini, Chopin and Beethoven; Apr 23

Carl-Orff-Saal, Gasteig Tel: 49-89-4809 8508 Vision of Lear. by Toshio Hosokawa, with a libretto by Suzuki and Hosokawa. Co-production of the Munich Biennale with the Shizuoka Performing Arts Centre; Apr 19, 20, 22

NEW YORK OPERA

New York City Opera, New York State Theater Tel: 1-212-870 5570 www.nycopera.com Paul Bunyan: by Britten. New production directed by Mark Lamos and conducted by Stewart

Robertson: Apr 18, 22 **PARIS**

CONCERT Salle Playel Tel: 33-1-4561 6589 Orchestre de Paris: conducted by Frans Brüggen in works by Haydn and Mozart. With cellist Truis Mork; Apr 22, 23

SAN FRANCISCO CONCERTS Davies Symphony Hall

Tel: 1-415-864 6000 www.sfsymphony.org San Francisco Symphony Orchestra; conducted by Ale Neale in works by Haydn, Marti Epstein, Eigar and Schumann, with piano soloist Hélène Grimaud; Apr 16, 17, 18

Alfred Brendel: recital by the

planist of works by Mozart, Schubert and Haydn; Apr 19 isaac Stern: recital by the violinist, with planist Robert McDonald; Apr 21 San Francisco Symphony Orchestra: conducted by Hugo Wolff in works by Debussy, Mozart

and Schumann. With plane soleist Alicia de Larrocha; Apr 22, 23

EXHIBITIONS Moderna Museel

STOCKHOLM

Sunday

Tel: 46-8-5195 5200 www.modernamuseet.se "No one's dogs": 100 Years of Swedish Art. 100 works, specially selected to trace the history of modern art in Sweden; ends on

 Wounds: Between Democracy and Redemption in Contemporary Art. The inaugural exhibition in the museum's new building examines developments in the visual arts. from the 1960s to the present; ends on Sunday

TOKYO CONCERT Bunkamura Tel: 81-3-3477 9999 Tokyo Philharmonic Orchestra: conducted by Hiroyuki Iwaki In works by ichiyanagi, Szymanowski and Tchaikovsky. With violin soloist Natsuko Yoshimoto; Orchard Hall;

TV AND RADIO WORLD SERVICE

BBC World Service radio for Europe can be received in western Europe on medium wave 648 kHZ

EUROPEAN CABLE AND SATELLITE BUSINESS TV

 CNN International Monday to Friday, GMT: 06.30: Moneyline with Lou Dobbs 13.30: Business Asia 19.30: World Business Today 22.00: World Business Today Update

 Business/Market Reports: 05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20;

At 08:20 Tanya Beckett of FTTV reports live from LIFFE as the London market opens.

SAMUEL BRITTAN **ECONOMIC VIEWPOINT**

A parallel pound

The use of the euro alongside sterling could help reconcile the needs of the domestic economy with those of exporters

Generals are not the only ones who fight the last war; members of the economic establishment often try to avoid the mistakes of the last business cycle, only to repeat those of the cycle

Many British economists are so determined to avoid what they regard (usually mistakes of the late 1980s when interest rates were kept down too long so that sterling could shadow the D-Mark - that they seem determined to repeat instead the errors of the early 1980s. Then, the preoccupation with domestic monetary discipline led to an overshooting of sterling and a severe recession, initially in manufacturing, but finally in the whole economy.

The decision of the Bank of England Monetary Policy Committee last week to keep interest rates on hold is a merciful relief. But it will not resolve the conflict between the needs of the domestic economy and the sectors exposed to overseas trade.

Gavyn Davies of Goldman Sachs has been trying to act as chief whip to the MPC by proclaiming that its duty is only to keep down the forecast for one particular measure of inflation two years ahead. He puts quite excessive emphasis on a variation in the small print of the 1998 Budget Red Book which omits earlier references to "supporting the government's economic policy" without prejudice to the inflation goal.

Yet this wider objective remains part of the Bank's remit. It is curious that an economist who supports the government should reproach the MPC for being too concerned to support that government's growth and

employment goals. More important: the MPC consists of people, not automata. National currency managers have no option but to engage in an uneasy compromise between domestic objectives and exchange rate stability. The more they insist on the primacy of one, the more ure we can be that events will force them into a U-turn, all the more

shattering for being delayed. Even in the days of Bretton Woods, Germany had at times to revalue the D-Mark or let it float upwards to contain domestic inflation Covernments that have tried to ignore the exchange rate have also had to eat their words. After years of benign neglect", the Reagan administration initiated in 1985 an international attempt to reduce the value of the dollar. Even the Thatcher government started to redefine monetary policy in the early 1980s when the strength of sterling

became too much of a good

The ups and downs of the pound

Sterling trade-weighted index (rebased 1990=100)

1977 79 81 85 85 87 89 97 95, 25 1

thing and unemployment

started to shoot upwards.

Membership of Emu would of course end the round's violent swings by getting rid of sterling as a separate currency - some 90 per cent of UK gross domestic product would then be traded within the sure zone. But the problem of currency fluctuation would be replaced by a different one: an interest rate designed to meet average conditions in more than 11 countries - but in practice heavily

influenced by the needs of German and French industry - would often not be suitable for the UK. Ireland, which is experiencing an even greater boom and which expects to join Emu at the outset, should provide a trial run. Meanwhile, several UK-based international

companies have said they intend to present their accounts in euros as well as sterling. They may also in time invoice exports in euros. These actions remind us that Latin American countries have long used the dollar as a parallel currency for external and large

Q2 1997 T

CS 1992

UK ejected

A second version of the plan, known as the "hard Ecu", was put forward by John Major when he was chancellor. It was a scheme to transform the Ecu from a simple basket of currencies into a real currency that could be held by European nationals if they so chose. It also imposed complicated convertibility obligations on national authorities.*

ground because they were offered as alternatives to the single currency that the main EU players had already decided to adopt. Lord Lawson had got the idea of competitive currencies from the free-market economist Friedrich Hayek. He had

domestic transactions while retaining domestic currencies for other internal business. A similar dual system applies in Russia and other former Communist countries. Dual currency systems already exist in border areas of Europe. Austrian ski lifts will often post up prices in D-Marks as well as schillings.

Simply using the cure as an alternative unit of account will not be enough. If wages are paid in sterling. and domestic components and services are also priced in domestic currency, profit margins will still come under heavy pressure when the pound rises. Companies will still have to lay off workers whom it no longer pays to employ.

To relieve the problem, a dual currency system will have to go further. Workers who want security of employment will have to accept the option of being paid in euros, and the same ootion will have to be offered to suppliers of intermediate products.

The competing currency approach has quite a long, if chequered, history in British policy. It was first proposed by Nigel Lawson as an alternative to a single European currency, This was after Lady Thatcher had aken her ministers and officials by surprise at the 1988 Madrid summit by offering to prepare an alternative route to monetary union. Sir Peter Middleton, then Treasury permanent secretary, was so

drove his car into a tree.

astonished to bear the news

on the radio that he nearly

Both plans fell on stony

arrived at currency competition out of despair that governments would adopt sound money policies without the threat of their own currencies being abandoned. Treasury officials strove to shift the emphasis from competition between actual currencies to competition between

monetary policies. Conditions have now revived for currency competition in the earlier Lawson form. The fact that it does not require a new international institution or treaty, which was seen as a disadvantage compared with the hard Ecu, is now an advantage. Moreover, the idea can now be simplified. Instead of competition between an indeterminate number of currencies, the choice is likely to be

between pounds and euros. There is still work to be done. The original British plan did not go into detail on matters such as legal tender, Moreover, if the euro is to stand a chance of competing against sterling in domestic transactions, it will be important to allow taxes to be paid in it. Some spin doctors suggest that Gordon Brown is toying with just

such a reform.
The merit of currency competition is that it can be market led. The difficulty will be to persuade workers and suppliers to agree to be naid in euros, the sterling value of which will fluctuate. This is but a special case of what I call Brittan's Law. This says that it is possible for workers to have security of

employment, or security of pay, but not both. The more you have of one the less you have of the other. This principle has wide

implications outside the resent UK monetary debate. It supplies the clue to what workers and managers can do to reduce the job insecurity which some observers see arising from globalisation and new technology. That, however. is clearly a subject for a future column.

'See Nigel Lawson's *The* View from Number 11 (pp. 938-44), and Philip Steph Politics and the Pound (pp.160-165).

samuel.brittan@FT.com

LETTERS TO THE EDITOR

Totally out of focus on the role of the US as sole superpower

From Mr Frank Peel. stake" (April 11-12), you take you end up expanding the That's a strange way to some good pictures of one of up US foreign policy, but 'at least to all foreign policy. be happy to have others. the many trees which make you lose all focus when you try to take in the whole forest. US foreign policy is a joint venture between the executive branch and the Congress. And all the politics is local, so Congress has much more than the "one eye" you say it has on local issues. This is no less true in

cratic country. The legislator. But when you conclude by ready for a sole superpower whose obsession (you say) is the politics of reproduction, you're totally out of focus. You started out by talking war in Cyprus. Or in the key about the politics of repro- US role in preventing war in duction in the limited area Kosovo. And so on.

of foreign aid, and I guess. Sir, In "When life is at you got carried away so that for this sole superpower. politics of reproduction to frame the question because the politics of everything, or this sole superpower would

But as far as I know the politics of reproduction played no part in the key US role in reaching the Ulster agreement which you make your lead front-page headline ("Peace deal for N ireland after last-minute appeal by Clinton", April 11-12). And the politics of reproduction plays no role in the UK than in any demothe key US role in the Midshould always listen to the dle East. Or in the key US people who elect him or her. role in pushing Japan to save its economy and maybe asking whether the world is the rest of us from recession. Or in the key US role in preventing Indonesia from a social explosion. Or in the key US role in preventing

You ask is the world ready share the task, but the others seem chiefly to whine (with your article) either that the US is doing too much or that it is doing too

little. Where, for example, is Europe when it comes to dealing with Cyprus, or Ulster, or Kosovo, which are all in Europe. If, that is, "Europe" really exists as anything other than a geographical designation and a vast pork barrel of expensive and distorting subsidies.

Frank Peel. member of the New York 37 Avenue de Budé, 1202 Geneva. Switzerland

No justification for bullying attitude

From Mr Andrew Anderson. Russia's bullying attitude on that occasion the police to Latvia ("Moscow hints at behaved with commendable Latvia sanctions", April 9) is restraint, and the demonvery worrying, recalling the strators were in any case by sinister tactics used throughout this century by aggressive, undemocratic leadingpowers against small and

vulnerable neighbours. There is no legitimate those who are the wives and grievance which could jus- widows of former KGB offitify any form of economic warfare against Latvia. The work have salaries much excuse of the recent demon- lower than the retired.

stration in Riga is spurious; no means all Russians. No doubt Latvian pensioners would like higher incomes, but there is no discrimination against minorities, even cials, and many of those in

I hope that the EU, international Monetary Fund, World Bank and others will take note of this deplorable behaviour by a country which always claims to be acting from the highest motives, and make it clear that it must conform to civilised standards.

Andrew Anderson. Granton Lodge, 179 Granton Road Edinburgh EH5 3RQ, UK

More pressure means fewer available recruits

From Professor Andrew

Sir, In arguing for external quality assessment of aca- of this difficulty in British demics and teachers John academic economics. I have Kay does not make the key been collecting data on the point ("Shame game pays top 10 departments in the off", April 15): if you put UK. The figures show that employees under more and the flow of new British stumore pressure, then you dents into PhD courses is Coventry CV4 7AL, UK

have to pay them more. Otherwise you cannot recruit. We have a manifestation

our children will not be taught by Britons.

Andrew J. Oswald. professor and PhD admissions tutor. University of Warwick.

Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from readers worldwide, Letters may be faxed to +44 171-873 5938 isset lax to 'fine'l, e.mair rs.editor@fl.com Published letters are also available on the FT web elte, http://www.FT.com Translation may be available for letters written in the mein internetional languages. Pay 0171 873 6938. Letters should be typed and not hand written.

PERSONAL VIEW DOMINIQUE STRAUSS-KAHN

Six of the best

The Asia crisis has made the 'new international architecture' all the rage in discussing the world's financial system. Here is a blueprint for reform

colleague at the US Treasury, and dessus, my compatriot at the International Monetary Fund, have both emphasised the need to review the existing international achitecture. Making substantial adaptations for new financial circumstances is on the agenda of the IMF's current meeting, it deserves thorough discussion.

In February, I made a first contribution to this debate in a letter to G7 colleagues. Building on it, and on subsequent contributions, I would now like to put forward ideas grouped around six

1. Making capital markets work better. Economists have long known that markets do not work well when information is scarce or biased. In all industrialised economies, governments produce data that have the character of a public good and help private individuals make decisions. But financial information on, for example, the external liabilities of the private sector and the off-balance sheet commitments of central banks remains insufficient, and even misleading. This contributes to market volatility. Information will not keep up with the progress of globalisation if public institutions adopt a hands-off policy. Three types of measures should be considered; If a country wants to bor-

row from international capital markets, it should be required to fulfil data dissemination standards. The IMF should monitor their raised by offshore financial implementation. International institutions

should enhance the collec-

tion and provision of comprehensive financial data Institutions involved in only banks) generally mainmake corresponding statistics public.

2. Making global finance more resilient. The rationale for capital account liberalisation is threefold: to contribworld savings; to facilitate No one would dispute the oring IMF conditionality the absorption of temporary fact that different societies shocks; and to enhance the may make different social quality of investment. choices. But we can main-Lately, the record on these three accounts has been mixed. Persistent current account deficits have gener- duct essential to a proper ally led to currency crises. integration into the world Capital inflows exceeding a economy. We can help by: country's absorption capability have frequently jeopardised macroeconomic stability. And while direct investment has undoubtedly been beneficial, short-term capital inflows have too frequently given rise to asset

price bubbles or unwise capital accumulation. I believe efforts should concentrate on: Improving the quality of supervision of the financial ctors, on both the lenders' and the borrowers' side.

Banking supervision has We can maintain a balance between national sovereignty and international rules made progress, but must keep up with the growing sophistication of private finance, through refining credit risk indicators and

through extending supervision to non-banks; Building a consensus on how far countries with fixed or quasi-fixed exchange rates can limit short-term capital inflows through regulatory and tax provisions; Addressing the problems

centres, which often represent obstacles to financial supervision (and, incidentally, to the fight against money laundering). 3. Strengthening the pol-

financial transactions (not icy framework, Whatever the responsibilities of martain sophisticated systems to kets in the Asian crises, no measure risk exposure. We one can seriously dispute should find ways to aggre- that a lack of policy transgate this information and parency and mistaken policy reactions have contributed to the turnoil.

The difficulty here has long been known. Some Asian countries are adamant that rules for governance are the to a better allocation of part of national sovereignty. Mexican crisis) and for tail-

tain a balance between preserving national sovereignty and enforcing rules of con- Fostering policy transparency everywhere. That does

not imply uniformity; but, for example, setting mediumterm policy targets public would help stabilise market expectations; Making multilateral surveillance more effective. The

IMF should develop a graduated response strategy: it should be able to make early recommendations, and to make them public if governments do not respond. Whenever possible, there is a case for implementing this surveillance on a regional basis, in association with the IMF: Encouraging the adoption of exchange rate policies which do not prompt private agents to disregard currency risk and embark on reckless unhedged foreign borrowing Not limiting policy assistance to the traditional micro- and macroeconomic compacts, but recognising that social policies (for example, providing unamployment insurance, or designing efficient healthcare system) can be foster

thereby stability. 4. Assisting countries in crisis. In the Mexican and South Korean crises, emergency liquidity was provided to countries that were not insolvent. In that respect, the IMF and the G7 governments acted as international lenders of last resort, Drawing on this analogy,

efficiency-cum-equity - and

some scholars have argued that assistance should be made unconditional or that conditions should be softened I do not agree. Rather than render it less painful, financial assistance less effective, and would not encourage prudent policies. There is, however, a case for the speedy mobilisation of liquidity when crises threaten (this is the purpose

exactly to what is needed to restore financial stability. 5. Limiting moral hazard. This does not affect recipient countries so much: govern ments can be short-sighted. but the cost of a currency crisis (especially with an IMF programme) is so large that I doubt that governments run risky policies because they expect a bail-

out. No, the risk is more sig-

nificant on the lender's side. The obvious solution is to involve foreign private lenders and investors in working out the crisis. This was done in the Latin American debt crisis of the 1980s, and again in the Korean case. Similar patterns should be followed in future. It will require surmounting legal and technical hurdles, but it will in the end serve lenders' interest. 6. Upholding official assistance. Aid is sometimes considered a thing of the past. Asia's crisis leads one to question that view. Even for countries with access to international capital markets, there is room for official aid as private capital inflows may not go towards education, health, infrastructure, or the development of the information systems everybody calls for Public flows can also substitute for private capital when a country is cut off from external finance. Aid should go first to countries committed to reform. France, the most generous donor among G7 countries, will continue to provide significant resources to the poorest. Others should do the same.

These proposals build on existing practice. Possibly. one might prefer a bolder approach that would attempt to create a brand new international regime. Following this temptation would not lead us far. On the contrary, we now have the resolve to this would risk making make big improvements to the international financial architecture. The only condition I would add is that we should implement our reforms effectively. Not an insignificant condition.

Selling tl peace Kith i hary of the con-

11:11 26 1.12

Sec.

ř -

7 L

1

10 % · · · ·

Glade to the

N. P.

E. Z

large costs

Barrier Contract

3.50 S 35

E to the Contract of

<u>Mac</u>

4 Augusti

I.

Breen and the

100 m

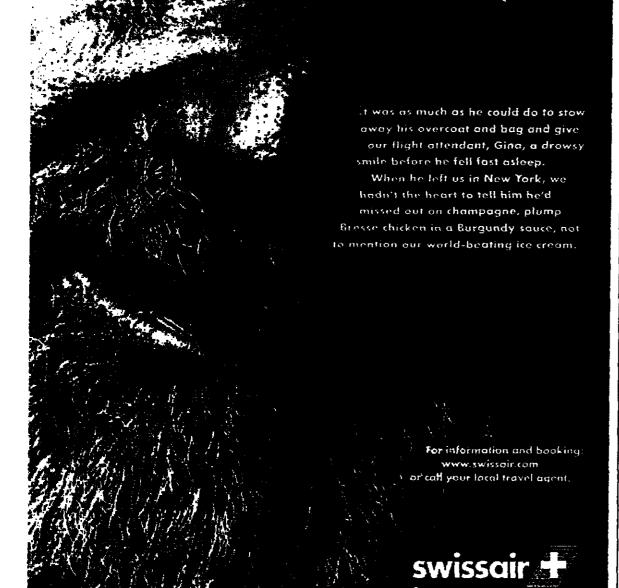
Without the state of the state Consider (1.5 Access to 1. 1. 1. 1. ment of the control of the control of THE LOW ASSESSMENT Same From Party Service Contract Services m m amiliati parti controveri e k does not want to be the first all tension, and enter the contract contract are that it will be to the common a special the conference are be explicated her for that purpose. The party kadership, despute it is not never to the a the Stormer per tel destructions and the state of bring the experience, and was in the least of the last The position of Vermish the U.P. leader He is fully commenced to the Coment and the continued the Mestudia | Phys. of the angle of April 19 d specifically beat for it is a time to be said go theiler be will an end Actually speed and the Limbbe

should have been depth in the mission toling the course of these to that m winder to the transfer the transfer by in the party over the last Butter of the of the third of the gal polyniting of But their are to a content of their the process was a grant. Re-Canpara and the set of the Storage for the state of the batty by the Love Law Parellon and Robert Med Article Carting States of the Article Carting States of tine and the state of the state port a forbits a denied -Order board William District Order Sammerally County deed a lively within white here decilifical for the control of the state of Bearing of board in coloring of the Bulling on the Art and Alexander

man delicate the state like the the plant the decide that the thing partially for a strong continue Mark but well that the first the Depute III According to Artoppately thomas interms Selective reading The No. of Hilliam is place in School officers of the Course fatte the which facts Adams Sing Full but by Includes

Deputy Print Marriages trace on the party the account in the strate with the it describing the state of the sta

of the New Arrangements to The author is France's con-Borrow decided after the omy, finance and industry



er States on a

T:: *

17:11

er (#1.4) ge

 $f_{M_{\rm B}}(x) =$

Particular of

bullying attitude

5723 TE

el see a such

fortal or a

真 (埃里斯)

Server 1 decrease

سيد بيدهم

3, A . . .

ng**ar**aman

grade in the

المعاجبين

ng gamiline

ಎರಡ ಕ್ರಿ. ಮ

المحجوجة عيرة

404.5 T

A....

. <u>_</u> = -#.%-**

Lawrence of the

general Arms

ചക്ഷാശം 💛

 $\omega = \omega \mathbf{e}(\mathbf{x}) \cdot \mathbf{e}(\mathbf{x}) \rightarrow \mathcal{O}(\mathbf{x})$

in the second se

1 To Section 1

21 - 60 - 5

المراجع والمعار ويعون

gas and are the

<u>_-</u>_ .

sg rate

 $\sum_{i=1}^{n} (1-\frac{1}{2} \operatorname{dist}(\frac{1}{2} \operatorname{dis$

and of the second

egista e e e e e

CANAL CONTRACTOR

Supplementary

المراد الأع فيبيس

المناف والمعطوي

....

en graphi

4

gran a gran second Maria Miking Land

entropy of the second of the s

 $g_{\omega(\omega)}^{(1)} = e^{-\omega(-\Delta)}$

and the second s

Freque of the second of the se

Egita Salah Sa

الأستوني

الماريخ الماري

4.83

400

Recorded to

All grant on the

und Manager, in course the order

PRASE NO LITTLE STATE OF THE PROPERTY OF THE PARTY OF THE

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Thursday April 16 1998

Strengthening global finance

If nothing else, the Asian regulatory and supervisory financial crisis has shattered complacency. The entire "architecture" of the global financial system is under review. But a successful outcome will be difficult to secure, since the issues are intractable and contentious. As the shock fades, the powersthat be may even decide to change rather little. If so, they will merely be inviting the next calamity. At present, however, the

ideas are flowing. The spring meetings of the International Monetary Fund and World Bank in Washington this week and the accompanying discussions of the finance ministers of the Group of Seven leading industrial countries - have occasioned several contributions. Foremost among these was a thoughtful speech by Robert Rubin, US Treasury secretary, on Tuesday. But Mr Rubin is not alone, as today's FT article by the French economics minister, Dominique Strauss-Kahn, shows.

Mr Rubin concentrates on three issues: transparency; have incurred. strengthening national financial systems; and ensuring private actors bear more responsiit does raise some of the central questions.

Of these, transparency is the is to achieve a complete and up-to-date picture of the assets short-term assets and liabilities of public and private sectors. At present, available data on debt are virtually useless, being incomplete, late, or both.

Large costs

Serious controversy starts, strengthen national financial

ist Party and Sinn Fein are to

consider last week's peace agree-

ment at important party meet-

ing its annual party conference.

It does not have to take a formal

decision, and current indications

are that it will not do so: a spe-

cial conference will be called

later for that purpose. The party

leadership, despite its active role

in the Stormont negotiations, has

not yet committed itself to sup-

porting the agreement, and

He is fully committed to the agreement, and has convened the

700-strong Ulster Unionist Coun-

cil specifically to seek endorse-

ment for it. It is touch and go

Normally speaking Mr Trimble

should have less difficulty in con-

trolling the council than he did

in winning a comfortable major-

ity in the party executive last

weekend. The council has the

reputation of being the more lib-

But these are not normal times.

in the last few days a strong

"No" campaign has got off the

ground, led from outside the

party by the Rev Ian Paisley and

Robert McCartney, but clearly

commanding a lot of sympathy

within it. Yesterday it gained a further boost when the Orange

Order, traditionally a highly

influential body within unionism,

"declined to recommend" the

agreement, at least pending clari-

fication on certain key issues. Mr

Trimble himself, meanwhile, has

gone quiet, no doubt marshalling

his strength for a strong counter-

attack, but with the risk that his

opponents will develop an

The "No" campaign plays on

traditional unionist fears, using a

selective reading of the agree-

ment to construct a worst-case

scenario, in which Gerry Adams,

the Sinn Féin leader, becomes

Deputy First Minister (his party overtaking the moderate SDLP in

مس<u>ئم</u> بست پرسید دست سردی کی کارکاری

the assembly elections), while the Adams understand that

unstoppable momentum.

Selective reading

whether he will succeed.

eral body of the two.

The position of David Trimble, the UUP leader, is very different.

appears in no hurry to do so.

Sinn Fein happens to be hold-

systems". This has a powerful implica-

tion: the more interconnected are the world's financial systems, the less independent regulatory authorities can hope to remain. Mr Rubin suggests that authorities in the big financial centres could condition access to their own markets on strong home-country supervision. This could have meant the exclusion of Korean banks from New York or London prior to December of last year. The idea is perfectly logical - and potentially explosive.

Credit judgments

Perhaps most difficult of all is ensuring that losses are properly borne by those who made the mistakes. Achieving this is made more difficult by the fact that, in a panic, it is good sense to provide lenders with the liquidity they seek. Yet, when mistaken credit judements have been made, the original lenders should bear the losses they

The greatest need is to find a way of imposing a timely halt on demands for payment, folbility for their decisions. This is lowed by orderly debt work far from an exhaustive list, but outs. The failure to secure this bas greatly exacerbated and prolonged the Indonesian crisis. Unfortunately, while Mr Rubin least contentious. The priority calls for investors to bear more responsibility for their actions, the negotiations on Indonesian and liabilities - above all, the debt include a proposal for the government to assume some of the foreign exchange risk in the rescheduling of private debt. Albeit understandable in the circumstances, this is a disturbing precedent.

At least policy makers are grappling with some of the difficult questions. The need for however, with attempts to greater transparency has become obvious, as is the case systems. It has become evident for circumscribing national sovthat weak domestic regulation ereignty over financial regulaimposes large costs on other tion. The biggest issue, howcountries, through contagion or ever, is how to balance the the high cost of bail-outs. In lender-of-last resort function response. Mr Rubin calls for a against the need to ensure pri-"more complete range" of inter- vate sector responsibility for national standards, along with mistakes. To this Mr Rubin has heightened "international sur- not provided the solution, perveillance of countries' financial, baps because there is none.

prison. Meanwhile "dissident"

Republican elements continue a

forces are reduced to a peacetime

footing and the Royal Ulster Con-

stabulary is shaken up and perhaps infiltrated by the terrorists

themselves, exploiting the

pendent commission ... with

expert and international repre-

sentation", which is to be asked to recommend new "policing

arrangements" aimed at winning

Parts of this nightmare could

come true, but only if other parts

did not. The agreement contains

provisions on decommissioning

of weapons and disarmament of

paramilitaries, as well as for the

nd the union so long as the

majority in Northern Ireland

wish it. It is unthinkable that

any British government would

weaken the army or the police in

the province so long as a serious

The important novelty of this

agreement is that Irish national-

ists, north and south of the box-

der, are for the first time being

asked, by their own government

and party leaders, to accept by an

explicit vote that Northern

ireland will remain part of the

UK for as long as a majority of its

inhabitants so wish. That will

remove any shred of legitimacy

from further attempts to unite

the island by violence, and so

the north far greater long-term

security than it has hitherto

enjoyed. It is republicans, not

unionists, who should have diffi-

culty accepting this historic

change. Both Mr Trimble and Mr

threat of violence remains.

removal of ministers who waver

Serious threat

the confidence of the minority.

peace deal

symmetry, both the Ulster Union- sorbs terrorists released from

Tobacco: the US settlements compared

COMMENT & ANALYSIS

.ince 1997: the tobacco settlemen: 1. Tebacco industry pays out \$368.5ba over the

Staba by year two. If smoking declines, so do cants a pack.

 Money caised settles state fliedicaid lawsuits. and existing class action lawsuits. The rest nedical insurunce for uninsured children

copped at SSbn a year, to come out of the SS68.55b. 5. Industry regulated by the Food and Drug

6. Advertising and marketing severely partailed, including bans on use of human or

April 1998; the Senate bill 1, Industry to pay out \$61650 in annual

theory, this adds \$1.10 a pack to connecte prices; but payments do not fall if smoking 2. Penalty for missing undervage smaking target rises to \$3,566 a year, to come of

not profits. Equals \$3.860 pre-tax, requiring Precendu sattle only state Medicaid claims.

habilitied are cupped at \$6.5bh a year, but the

cidarettes outright. If Congress is potified and does not got within two-year waiting period.

Shortened life expectancy

t's the US, five years from now. You're a smoker - yes, there are a few of you left. But these days, the habit can damage your wealth as well as your health. The price of a pack of cigarettes has jumped from around \$1.95 to more than \$5 since a historic anti-tobacco act was passed in 1998.

Parting with your money can be a grim affair. You used to smoke Camel, but R.J. Reynolds Tobacco, the company that made them, has gone bankrupt, along with most other US cigarette manufacturers. The only cigarettes you see in the stores any more are now sold like prescription drugs in clinical black-and-white packs. And you no longer get a kick out of them because the Food and Drug Administration has eliminated all the nicotine.

But from the smoker's point of view, things could be worse. The fact is, only the rich and naive buy cigarettes from shops any more. Everyone else gets them on the black market - from the hawkers found on every street corner, from the backs of trucks at flea markets and country fairs, or from a guy who does the rounds of local bars and clubs.

These illegal imports cost less than half the official price. And all the familiar brands are available in their familiar packs. Sometimes they are bootleg prodthey are the genuine article, advantage, and more to their the border from Mexico.

Cigarette packets have long carried health warnings. Now. says Richard Tomkins, it is the companies themselves that are at risk

damned kids. From a youngster's point of view, these illegal imports are even more hip and cool than regular cigarettes were five years ago - and much easier is hard to get near a cigarette vendor for the throng of teenagers making their purchases.

Absurd? Maybe. But this is the future as seen by the US tobacco industry, now that its spectacular gamble on a once-and-for-all tobacco settlement has just as spectacularly flopped.

US tobacco companies sell \$45bn of cigareties annually. Last year, they tried to buy their way out of a mounting litigation crisis by agreeing with state attorneysgeneral to pay \$368.5bn over 25 years to settle all present and future claims. The deal encompassed higher prices and tough advertising restrictions, enabling it to be presented as a move to cut under-age smoking. But the settlement required

Congressional approval. And Congress, which had not been a party to the negotiations, disliked it intensely. Amid mounting antitobacco sentiment, legislators set out to craft something that would ucts of dubious quality, but often be less to the tobacco industry's

The only trouble is those ago: a bill that increased the would have to go up \$1.43; David was soon forced to rescind them. ing the worst.

industry pay-outs to a minimum of \$516bm, diverted most of the proceeds to Washington, tightened the advertising and marketing restrictions still further, and to obtain. Under age smoking has stripped the industry of nearly never been more popular, and it all the legal protections it had

> Last week, the industry gave up on the process it had started nearly a year ago, and turned against it. The debate, it said, had been overtaken by demands for retribution. It no longer saw any hope of an acceptable solution. "The one difficulty with today's proposals is that they will destroy the domestic tobacco business," said Steven Goldstone, chairman and chief executive of RJR Nabisco, the parent of

R.J. Revnolds Tobacco.

What now? Talk of bankruptcy has been dismissed as scaremongering in Washington. But Wall Street analysts agree that the legislation as framed would be likely to bring down some or all of the US tobacco companies. As analysts point out, the US Treasury calculates that the settlement now before Congress by \$1.10 a pack. But the indusadjusted downwards if people smoked fewer cigarettes, so the

Adelman of Morgan Stanley Dean Witter says the figure would be SI.77. Experience in other countries

has shown that, although price increases reduce the number of cigarettes purchased by regular smokers, they have little or no effect on experimentation by teenagers, even when combined with advertising restrictions. So the targets for cutting youth smoking in the proposed legislation will almost certainly be missed, leading to extra penalties and further price increases of up to 44 cents a pack.

With increases in retailers' mark-ups, a 15 cent federal tax increase already in the pipeline and expected increases in state something from its pre-settletaxes. US retail prices would be likely to rise from an average of \$1.95 to \$5 a pack in a few years. which would severely hit consumption. While that in itself might not bankrupt the industry, analysts say the resulting black market could, because it would eat further into sales.

American cigarettes retail at only would increase cigarette prices \$1 a pack in Mexico, and cost even less wholesale. With 695,000 try's payments would not be packs fitting into a single truck a black market and an extremely trailer, cross-border smuggling adverse litigation environment. would become an extremely profprice increase would have to be itable business. This was exactly lower than at any time in history off-shoots of the bankrupt US The result was the draft bill even larger to raise the amount, what Canada found when it compared with those of the wider manufacturers and brought over that emerged from the Senate of money due. Sanford C. Bern- introduced big cigarette tax market. Tobacco companies, it commerce committee two weeks stein's Gary Black says a pack increases in the early 1990s; it seems, are not the only ones fear-

This week Sweden announced that it was cutting tobacco taxes by 27 per cent to curb smucgling from eastern Europe.

Even if any US companies survived that onslaught, say analysts, they would likely be finished off by lawsuits. After losing a case brought by a smoker in Florida last year and agreeing to pay nearly \$15bn to settle state lawsuits brought by Florida and Mississippi, the industry is seen as vulnerable to litigation - and a \$6.5bn annual liability cap being offered by legislators would disappear if the targets for underage smoking were missed.

Given all these dire possibilities, it may be understandable why the tobacco companies loathe Congress's proposed settletion to it help? By backing out of the legislative process, the industry hopes to salvage at least ment past. The advertising restrictions in the deal probably cannot be included without the industry's consent because they appear to infringe on its constitutional rights; so in one respect, at least, it could end up better off than if it signed up now.

As to the rest, the industry The arithmetic is simple. may well be painting too bleak a picture of its future. But with the looming possibility of hig tax increases, the likely emergence of tobacco share valuations are

Igniting a conflict of interest groups

Selling the Ulster The gloves are finally off in remains deeply unpopular with washington and the real fight the public. Congress, outraged at over tobacco legislation has the release of documents showing admit that the marketing and the release of documents showing admit the release of about compromise and consensus the issue has now come down to a head-to-head fight. With a beguiling but misleading IRA keeps its weapons and reab-On one side: the tobacco indus-

try, marshalling a dwindling force of allies on Capitol Hill but honing that its deep pockets might still give it the wherecampaign of violence, the armed withal to resist an imposed solution. On the other a bipartisan Congressional coalition, backed by the White House, which hopes to pass a version of the \$516bn (£309bn) bill proposed by John well-meaning advice of an "inde-McCain, the Arizona senator.

begun. After months of talking tobacco companies marketing to children, is in unforgiving mood. Some senators, such as Edward Kennedy of Massachusetts, are calling for even tougher legislation with no limits on liability. Mr McCain's bill sailed through the committee stages with strong bipartisan support. Sentiment in the senate, which has overwhelmingly approved a symbolic measure opposing the granting of immunity from future lawsuits for the industry, seems favoura-

At the same time, the White Early signs favour the anti- House and Congress are greedily reluctant to break, even for ciga- native: passing a bill that

the industry's consent, they insist there is nothing to stop the rest of the package going ahead. "We will get bipartisan legislation this year," says Donna Shalala, health and human services secretary. "There's no question

in the House of Representatives, however, the picture is tobacco forces. The industry eyeing the extra tobacco reverente price rises. Others remain imposes slightly higher taxes,

advertising restrictions on time when they are campaigning tobacco companies envisaged in to shrink big government. With the original settlement require tobacco companies still a key source of campaign donations and planning a well-financed grassroots campaign ahead of November's Congressional elections to portray the bill as a tax on lower-income Americans - the industry is boping it can still win over enough Republicans to block the legislation.

Even so, at a time when no murkier. Many Republicans have politician wants to be portrayed made "no new taxes" pledges to as an ally of big tobacco, momenconstituents which they are tum is building for a third alter-

tion Act, for example - that should play well with voters. Don Nickles, senate majority whip. has already raised the prospect of more limited legislation. The anti-tobacco lobby has

vowed to resist any such compromise. And as Mark Buse, senior policy director on the Senate Commerce Committee points out. even if tobacco companies manage to block the current proposals, their victory may well prove temporary. "The issue's not going to go away," he says. "We will see it back again next year."

Mark Suzman

OBSERVER

Formation

flying in their "commitment to nonviolence and exclusively peaceful It's horses for courses at American and democratic means": and

Tony Blair has promised to act, if Airlines. For 13 dog-eat-dog years, necessary by legislation, should hard-driving, confrontational Bob Crandall has dominated the these safeguards prove too weak. executive suite in Dallas, Texas Now he is stepping down and, in this new age of partnerships and It is not true, as Mr McCartney global alliances, up steps affable keeps asserting, that the British Canadian Donald Carty who, as government has "a declared polairline president, has been official heir apparent for three years. icy of hish unity". On the contrary, Mr Blair is pledged to It hasn't been an easy ride.

There was a money-losing hook-up with Canadian Airlines and, as point man on labour relations, the Harvard MBA fronted for the company in a messy dispute with pilots. President Bill Clinton stepped in to push the company into conciliation. But the man from Montreal didn't get all the blame: some saw the pilots' strike vote as

an anti-Crandali gesture. Crandall joined American 25 years ago from TWA as top bean-counter and set about cutting costs: he saved \$40,000 a year by eaving olives out of salads. The chain-smoking,

catteine-quatting Rhode Islander is also remembered for one of the most famous business gives the unionist community in conversations of all time, which got him into hot water with the authorities.

A US Justice Department transcript of a phone call between Crandall and Howard Putnam, boss of competitor Braniff, quoted Crandall as suggesting that it was Alsthom) in 1974.

"dumb as hell to sit here and pound the (expletive) out of each other and neither of us making a (expletive) dime. Raise your goddam fares 20 per cent. I'll raise mine the next morning." In those days Crandall didn't like

code-sharing any more than competition, but now he preaches deregulation with the zeal of the converted and his code-sharing deal with British Airways may yet get airborne. Crandell's successor may be : geniel, but he's no soffie. In 1985,

locked out the airline's mechanics in a dispute: when they retreated to a hangar, he cut off the light and heat. But that toughness comes under a diplomatic exterior, which may be more effective than Crandali's

as boss of Canada's CP Air. be

bull-in-a-china-shop approach in ensuring that American gets its way with politicians. Power station

Many employees of Britain's GEC toiled for years in the shadow of

long-time chairman Lord Weinstock and never emerged into the light. But Jim Cronin, a GEC director since 1994, will get his day in the sun at the ripe age of 60 with the flotation of the GEC Alsthom engineering group this summer. Cronin, who has a soft soot for

restraint. bird watching and ballet, started his career with the company aged 17, and became finance director of GEC Turbines (now part of GEC

In 1989 he stepped up to be deputy managing director of GEC Power Systems - putting him : across the negotiating table from smooth, jovial Frenchman Pierre Bilger when the Franco-British joint venture with Alcatel-Aisthorn was being hammered out in 1989.

Bilger is now chairman of GEC Aisthom with Cronin as managing director. Nick Salmon – an old GEC-Aisthorn hand who left to be chief executive of Babcock in 1993 but returned a year ago - is head of UK operations and energy. Bilger is promising some new aces around the boardroom table. François Newey has just arrived as

another three international managers will be appointed as Among the lures for the new irectors is a smart headquarters in Paris's Avenue Kleber, just opposite a Ferrari showroom.

finance director from Bull, the

French computer group, but

Handy for shopping in the lunch

Life of Reilly

Nick Reilly, chalrman of GM's embettled British subsidiary Vauxhall Motors, was setting the pace for GM yesterday when he offered to forgo his \$270,000 salary to set an example of wage company's German and Belgian employees a few months back. But then Reilly went to the toffee-nosed Harrow public school in north London: motto Stet Fortuna Domus - may the fortunes of the house stand.

Fleeced:

Sophie the sheep was looking forward to a ripe old age after animal rights activists saved her from the chop. She was found wandering around Nicosia in February, and taken in by the Cyprus Society for the Prevention of Cruelty to Animals. An Arab restaurant claimed her, saying she was to have been its customers' end-of-Ramadan dinner, but the society refused to hand her over because there was no proof of ownership.

But now Sophie has been abducted from the shelter by persons unknown: It's the Christian Orthodox Easter this weekend, and that's vet another least where lamb is top of the menu.

Silent running

Ahead of news of their restructuring, French defence companies Dassault and Thomson-CSF suspended trading in their shares on Tuesday morning "pending an announcement" then didn't make it until an hour after the Paris stock exchange closed. Even for an industry which loves hush-hush manoeuvres, that seems a bit over the top.

Financial Times 100 years ago

A Poor Investment

The Bird-In-Hand Gold Company must have been christened by a humorist. The company was incorporated in 1896, mainly with the object of acquiring and developing a gold mining lease in Coolgardie, comprising some 15 acres. Its

capital was £80,000, of which £10.796 was subscribed by a confiding public, induced to do so perhaps by the recommendation of the property in the prospectus as "a thoroughly good and sound investment.* But it was not long before the company was said to have "failed because its substratum had disappeared." and the poor Bird-In-The-Hand is now enmeshed in the snares

50 years ago Australian Bank Case

of Bankruptcy Buildings.

Melbourne, April 15. The full High Court at Sydney to-day reserved judgment on the case in which private banks and three States - Victoria, West Australia and South Australia - have challenged the validity of the Commonwealth Government's legislation to nationalise banking In Australia. The hearing, which has lasted 39 days - the first 36 days of the hearing took place in Melbourne - was the longest in the Court's history.

After all, David Herman, the Brooklyn-born boss of GM's Adam Opel subsidiary in Germany, made no such offer when he called for similar sacrifices from the

14

THURSDAY APRIL 16 1998

SAN STENS TINETA MILLICENT COMPANY.

REPORTS LINE TO THE THE

age turns office to adea

post index int by econon

green property at make off t

set to be top nut as

immarkets receiver - techr

The second secon

Selits Pagama banana 🗪

end Pape A

-17

and the second

i aga M

. . . 는 는 등 기 및

- 5 m/a ↔

A CAMPAGE

##

- - - - - - - - T S

A 5 34 24

CROSSWORD, Page 24

THE LEX COLUMN

Italian appetiser

Another shifting of the tectonic plates in the global telecommunications industry. But does this \$2bn asset exchange between Cable and Wireless and Telecom Italia have all the answers? No, but it is

While the two together will be the world's second largest carrier of interna-tional traffic, they will still lack a strong presence in the important US market. Unsurprisingly, therefore, this is described as just the first part of a global partnership, to which the implicit sequel ls a transatlantic alliance.

As it is, this link-up should enhance both companies' appeal to potential US partners, such as AT&T or a Baby Bell. To C&W's unique asset base in Hong Kong. the UK and Australia has been added Telecom Italia's strength in Italy, France and Spain. C&W may seem to have sold its 20 per cent stake in Bouygues Telecom slightly cheaply, given rising cellular valuations across Europe. But this has probably been more than offset by the generous-looking value attributed to minority stakes in its own US and Caribbean units.

This is still a fairly tentative arrangement which could be unwound or subsumed if better opportunities arose: equity stakes in the holding companies have not been exchanged. It will be disappointing if this is all C&W can offer in the

Suez Lyonnaise des Eaux

The pace of change since Suez and Lyonnaise des Eaux merged last year has done much to dispel doubts about the wisdom of bundling two conglomerates together. Gérard Mestrallet, chief executive, has pursued the strategy of refocusing on utilities with welcome urgency. While FFr25bn has been spent on water, energy and waste acquisitions over the past 18 months, this has been more than this week's FFr9.1bn disposal of Sofinco, the consumer credit business. With all profit lines rising more sharply than sales and capital employed, the new is clearly

outshining the old. That said, Suez Lyonnaise needs to beat sales - to FFr7bn in 2002. Its fancy stock interest rates stay low, earnings upgrades the game. But, however you slice it, market rating of 19 times 2002 earnings will continue. The sector should beat 15 LLoyds TSB is overpriced.

News

Europe today

A delipuning low pressure system will bring wet and windy weather to France, Portugal and northern Scain. Some of the rain will be thunday in places. Eastern Europe

and the Balkans will also be wet, but western Russia will be dry with sunny intervals. Meanwhile, the Low Countries, Germany and much of central Europe will be cool and sheway. The Nordic and Baltic

countries will have rain in the south, but the north will be mostly dry and chilly with surery spells and a few isolated wintry showers The eastern Mediterranean will

Low Drossure will dominate Europe for the next few days. There will be

showers or longer spells of rain, and the central Mediterranean will

be rather windy for a time. The

remain very warm. Five-day forecast Suez Lyonnaise des Eeux Share orice relative to the CAC 40 index

surely demands a better average annual increase than 12 per cent. There is great scope to push up profit margins, although the politically correct downplaying of cost-cuts is no help.

Fortunately, considerable mileage remains in improving the business portfolio, not least in Belgium. Buying out minorities in Société Générale de Belgique will not only strengthen Suez Lyonnaise's grip on Tractebel, the prize utility, but also allows it to consolidate more profit. In financial services, a merger of Fortis and Générale de Banque would enhance the value of these disposable investments. providing long-term fuel for further trans-

American Airlines

Bob Crandall, American Airlines' 62year-old chairman, may be swapping aircraft for boats - apparently he is retiring early to spend more time with his new though, and the underlying return on ecoyacht. But the rest of the western world is nomic capital is closer to 24 per cent. flying more than ever. First-quarter earnings from AA jumped 90 per cent, beating analysts' forecasts by 30 per cent. A sharp covered by non-core disposals, including drop in fuel costs was a big help. But the fact that revenues are still rising at more than 5 per cent after seven years of economic growth shows how much smarter the airlines have become at matching supply and demand.

Judging by AA's results, the industry as its target of raising net income from a whole will stand out against a backdrop FFr:lbn last year - still a low return on of slowing profits growth. And while per cent for 1998, twice the stock market average. Despite that and record-breaking share performances over the past year -AMR, AA's parent company, hit another high yesterday - most airlines are still trading at a 50 per cent discount to the stock market average, which looks decid-

And further good news could be in store. The long-delayed AA/British Airways alliance is inching towards regulaapproval and could get clearance on both sides of the Atlantic by the summer. Such international networks, with their huge economies of scale, could transform the industry's economics for good.

Lioyds TSB

UK bank investors have fastened on to a new wheeze. In the absence of local mergers to boost share prices, just borrow the benefits from elsewhere. Hence the curious phenomenon of UK bank shares rallying more in recent days than those of the six companies involved in the three US bank deals. Even more startling is the specific case of Lloyds TSB, now trading at over nine times its 115p book value per

Can this possibly be justified? Bear in mind that the price/book ratio is a function of the return on equity achieved, compared with the cost of equity and the growth rate of the business. Assuming a perpetuity growth rate of 6 per cent, and using Lloyds' 10 per cent cost of equity, it follows that a price/book ratio of nine assumes LLoyds sustaining a 42 per cent return on equity. In fact, the bank did report after-tax ROE of 41 per cent in 1997. Smooth that for accounting distortions,

But even if you were to grant Lloyds the higher figure, is it sustainable? It seems most unlikely. Its shareholder value credentials may be unimpeachable, the economic cycle may be more benign, but not even Sir Brian Pitman, chairman. can escape the effects of economic slowdown and increasing competition in its core mortgages market. Valuation, of course, has proved a poor guide to bank stock performance over the past 18 months. Momentum has been the name of

New setback hits Brazil power company sell-offs

By Gooff Dyer and Jonathan Wheatley in São Paulo

Brazil's huge privatisation programme suffered a serious setback yesterday when the São Paulo state government failed to attract a buyer for Bandeirantes, one of two large electricity distribution compa-

nies put up for auction. In the other auction, only one consortium bid for Metropolitana, the largest distribution company in Latin America, which was sold for the minimum price of R\$2,08bn

(\$1.78bn). The bidder was Light, the Ric de Janeiro electricity company, which is controlled by AES and Houston Energy of the US, Electricité de France and CSN, the Brazilian steel company.

The outcome is a heavy blow for Brazil, which plans to sell the bulk of its electricity distribution and generation businesses to the private sector over the next two years. The sales had been expected to raise

Bankers said the lack of interest in

that demand from foreign investors for Brazilian distribution companies was becoming saturated and that bidders could not get sufficient credit for large acquisitions in Brazil. Most analysts had predicted that both companies would be successfully sold at premiums of 20-30 per cent above the minimum price.

were too high. Metropolitana and Bandeirantes, which had a minimum price of R\$1.01bn, were the two main subsidiaries of Eletropaulo, the energy group controlled by the state of São

Some had said the minimum prices

The auction to sell EPTE, Eletropaulo's transmission business, was cancelled on Tuesday night as there were no bidders. The São Paulo government is also planning to sell CESP, its energy generation company, this year.

Andre Montoro Filho, São Paulo planning secretary, said he was sur-

the São Paulo companies could mean Bandeirantes or EPTE. Two groups, Enron of the US and VBC of Brazil had presented financial guarantees on Tuesday to take part in the auction but failed to bid.

Bankers said VBC had been concerned about the deficit in the Eletropaulo employee pension fund.

"It was a cold bath for everyone," Isabel Bresser Pereira of Fator, a São Paulo brokerage, said. The failure to sell Bandeirantes would hold back efficiency gains at the company and was bad news for other electricity utilities due to be privatised.

Gustavo Gattass, of Icatu, a Rio de Janeiro investment bank, said sellers would be more cautious about setting minimum prices in future. "It was sad that it didn't happen: it will affect the way people abroad look at Brazil."

Luiz David Travesso, a director of Light, said the company would not try to buy other electricity distribution companies because it was close to the 20 per cent market limit estabprised by the outcome and blamed a lished by the new industry regulalack of credit. The government has tor. Light was interested in expandyet to decide what it will do with ing in electricity generation, he said.

Bank of England's minutes hint at higher interest rates

By Richard Adams in London

The prospect of a further increase in UK interest rates appeared stronger yesterday after publication of the minutes from last month's meeting of the Bank of England's monetary policy committee.

The minutes revealed that sharp divisions persisted among the eight members of the MPC over the course of the economy, but that "the gap between the differing points of view had probably narrowed slightly since the February meeting" in favour of higher interest rates.

There was no hint rates had peaked or would be reduced soon. "The most recent data did not offer much support for an immediate slowdown in consumption," the committee agreed. The economy was slowing, but "the pace and the extent of the slowdown remained

highly uncertain". rate future contracts fell back as the underlying average earnings data Samuel Brittan, Page 12

financial markets interpreted the revised down growth to 4.5 per cent comments as increasing the chances in January and February. A new of future rate increases.

Eddie George, the Bank's governor and MPC chairman, was again forced to use his casting vote to keep interest rates unchanged, after the committee was evenly split as it had

been in February. Mervyn King, the Bank's chief economist, argued against the governor's the quarterly Inflation Report. position, saying that rapid economic growth in the UK required an immediate rate rise. But Mr George and others said growth "could not be observed with sufficient precision" to justify an increase.

People anticipating a cut in rates minutes said. before the end of the year should read these minutes. Their expectations will be very disappointed."

But other analysts said more The pound rallied against the recent economic data, especially for took the Bank's short-term operautes were published, while interest fied Mr George's decision. The latest

This announcement appears as a matter of record only. Approved by Deutsche Bank AG London, regulated by SFA for the conduct of investment business in the UK.

forecast published today by Coopers & Lybrand warns the risks of a sharp slowdown next year have

"increased markedly".

The depth in the split between the wings of the committee extended to the Bank's inflation forecasts. The Half of the committee, including MPC even discussed allowing each camp to publish its own forecast in

"There might be circumstances where the differences among committee members about the nature and the magnitude of the risks were more significant. In such circumstances, it would be necessary to Richard Jeffrey, chief economist at publish fan charts corresponding to Charterhouse Bank, said yesterday: more than one forecast," the

> The Bank was given control of interest rates by the government last May, and has raised them four times. The last rise, in November,

> > April 1998

CONTENTS

American Company News

Recent issues, UK .

Survey

World Energy Rev

Latin American News Arts . Arts Guide

Features

ian quartile walks by a passent house in a "safe zone" aciared as attempts are made to revive stuttering peace tails. Page 5

FT.com FINANCIAL TIMES Asia-Pacific Company News

Directory of online services via FT Electronic Publishing

Markets Bond tutures and options Short term interest rates ains erchive of back issues US interest rates . of the newspaper since July 1996. http://www.archive.FT.com

Money mark FT/S&P-A World Indices offers and online ordering World stock markets reports World stock market listings FT Actional Reports Service: colors order London share senice ing of annual or interior reports and FTSE Actuaries UK share indices .

accounts of 1200 GK pice CitySine: how to get stere prices and mar-

http://www.ft.com/newspaped/2176.htm

Serveys: details of forthcoming aditorial

FT WEATHER GUIDE

PAWEATHERCENTRE

castem Mediterranean will become showery, but fine weather will return by Monday. TODAY'S TEMPERATURES Cloudy Rain Shower Shower Shower Far Trunder Shower Shower Rain Our service starts long before take-off.

Lufthansa

Shower
Fair
Sun
Sun
Sun
Fair
Fair
County
Ran
Fair
Cloud;
Fair
Cloud;
Fair
Shower
Sun
Ran
Shower
Ran

Compagnie Financière **Richemont AG**

RICHEMONT

£1,036,000,000

minority buy-out of

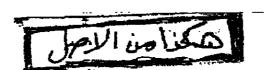
VENDÔME

Deutsche Bank

acted as Financial Adviser and arranged and underwrote the financing of this transaction in full including a SFr 1,300 million syndicated, multicurrency facility

Deutsche Bank







hits Brazi

الهدائية والموادلات Barrell or the first of the *** ------3F 74. phase and the West of the State Property of a 4. 4,03

ad's minutes nterest rates

frameworth pro-

185 15 (25 -1) a arrest in a eri de est vicilia e

*

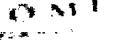
المرزاق بالاسوع The Service of Tay 7 حار پر جارستا

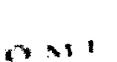
EMONT He Financière nt AG

000

(NI 1

9-5-3000 m²⁻¹⁸⁰





Minchimark Govt bonds Gallis prices Bond futures and options

Bond grices and yields Distriance announced, UK BMS currency rates Eurobond prices FT/S&P-A World indices

GEC.

Gencil

Goodvee.

Granada HSBC

ЦĠ

Light

Lloyds TSB

Lockheed Martin

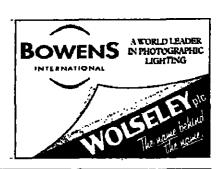
Johnson & Johnson

YOUNG WORKING TOWN SEEKS LIVELY INTELLIGENT COMPANY.

FINANCIAL TIMES

COMPANIES & MARKETS

THURSDAY APRIL 16 1998



INSIDE

SFX promotes itself to the big league Since last summer, SFX Entertainment, a subsidiary of SFX Broadcasting, the New York-

based media group, has spent \$500m on buying rock concert promoters throughout the US. It is the biggest company in the cottage industry of US concert promoters, with 40 venues in 20 US cities including New York, San Francisco, St Louis and Los Angeles. Rival promoters fear that SFX will out-bid them for superstar acts, such as U2 and the Rolling Stones, Some managers are concerned that SFX might exploit its power in negotiations with them and their acts. Others argue that a wellcapitalised investor could strengthen a traditionally fragmented industry. Page 19

Singapore turns crisis to advantage Singapore's biggest companies are seizing the opportunity of the Asian financial crisis to uncover inefficiencies that may have crept in during the good years and to search for ways of increasing competitiveness during the bad. Page 20

Malaysian index hit by economy fear Kuala Lumpur blue chips fell 3 per cent, following the news that Malaysia's consumer price index had risen 5.1 per cent in March, while industrial production in February had slumped 2.2 per cent year-on-year, indicating that the economy could slow down faster than expected. Page 34

Indonesian projects at risk of default Four indonesian independent power projects are at risk of default on \$855m of rated bonds, according to a report from Moody's Investors Service. These would be the first significant defaults of project bonds, creating shockwaves for a market that has grown to more than \$32bn of outstanding debt.

Argentina set to be top nut exporter Argentina could become the world's biggest exporter of peanuts this year because of rains brought by the El Niño weather phenomenon. Exports could reach more than 400,000 tonnes if the weather holds during the next few weeks of harvesting. Page 24

Asian markets recover - technically Asian markets have recovered from their lows over the past few months, with the most dramatic bounces in those markets worst hit - Indonesia has climbed 51 per cent from its low in mid-December, while South Kores and Thailand have risen more than 30 per cent in local currency terms. However, the movements have been technical, and probably unsustainable. Page 34

Strike hits Panama banana output Banana production in Panama is set to be disrupted by a strike that has already cost \$13m in lost exports. Employees at the Chiriqui Land Company, a subsidiary of Chiquita Brands of the US, stopped work in February. The workers' main grievance has been the fate of employees at the Pacific coast port of Puerto Armuelles. The company wants to end shipments there and send bananas to an Atlantic port for easier access to US and European markets. Page 24

COMPANIES IN THIS ISSUE

16 Manchester Utd

AMR	18	Mannesmann
ANA	20	Mediaset
Alcatel-Aisthorn	21, 15	Metropolitana
Allanz	16	More
American Airlines	14	News Corporation
BUM	20	Nokta
Bandeirantes	14	Northrop Grumman
BankAmerica	17	Oglebay Norton
Bear Steams	17	Okamoto Industries
Boeing	18	PBL
British Aerospace	9	PSA
British Borneo	7	Pebercan · ·
Cable and Wireless	14, 15	Pennzoil
Call-Net	18	Premier Oil
Carlton	9	Quaker State
Charles Schwab	15	Raisio
Clear Channel	21	SBC
Coca-Cola	17	SFX Broadcasting
Compaq	15	SFX Entertainment
Cubacan Exploration	7	Sagami Rubber
Dalwa Securities	20	Sherritt
Decaux	21	Siebe
		Chardettee Coloneau

CROSSWORD, Page 24

9 Tabacaiera

15 Time Warne 7 Tota

16 Time

14 UBS

21, 14 Unisy:

MARKET STATISTICS Armual reports service 28, 29 FTSE Actuaries share indices 39 22 London share service Menaged funds service Money markets 23 New Intl bond lesues 22 Recent Issues, UK 22 Short-term int rates 31 Stock markets at a glance 30 US interest rates 22 World stock markets

Schwab margins fall after internet move

An aggressive move into share trading on the internet has per cent in morning trading, squeezed profit margins at down \$2 at \$37\frac{14}{15}, with the Charles Schwab, the US's largenews intensifying speculation est discount stockbroker, about the prospect of tighter which yesterday reported firstquarter profits well below Wall securities industry. Street expectations.

Schwab's profits rose only 2 tors had over-reacted, but the 1997. In spite of record vol-umes of business, the group's Schwab's share price fell 5

profit margins across the US Several analysts said inves-

per cent - from \$86.7m to \$68m shares of several smaller disagainst the same period of count brokerages, such as Ameritrade, also fell sharply. Charles Schwab, chairman, return on equity slipped from said the company's fundamentals remained strong, but

added: "While our daily aver-

age revenue trades for the mission revenues grew by just with other online providers 8 per cent due to a rapid and to steer its customers net trading activity."

Speculation intensifies over prospects across US securities industry

also up 16 per cent. He said the ago to 48 per cent in the first company was working in an quarter. "intensely competitive environment" and would "continue management analyst at Putto invest aggressively in tech- nam. Lovell and Thornton, the nology, along with new cus- San Francisco brokerage, said tomer services and our brand". Schwab's advertising expenses

Schwab adopted a flat rate were higher than expected. quarter were 25 per cent charge of \$29.95 for every interhigher than a year ago, com- net trade this year to compete increase in lower-priced inter- towards the web. The proportion of trades executed online Operating expenses were rose from 33 per cent a year

Bruce Brewington, a fund

"It's reinvesting in the business. It's trying to build the brand, especially in the light of competition from companies like Ameritrade, E*Trade, DLJ Direct and Fidelity."

Mr Brewington said yesterprice was a "buying opportunity", arguing that its strategy was to compete on service

electronic trading at a good value price."

The change in Nasdaq trading rules, phased in last year, also contributed to the fall in transaction revenues

Schwab is still the largest broker serving small investors for mutual funds and share transactions. Customer assets have increased by 52 per cent day's dip in Schwab's share year-on-year and reached \$405.7bn last month. The daily average volume of shares traded rose by 28 per cent over rather than price: "What it is the year to 1.39on, while its trying to do is pack a fully number of customer accounts



Protests at Kia as receiver arrives

By Halg Simonian, Motor Industry Correspondent

maker, downed tools yesterday their situations." over the arrival of a courtappointed receiver but stopped short of declaring an immediate all-out strike.

The stoppage and a mass resignation by 1,000 managers highlighted employees' concerns that Kia's creditor banks would sell the group to. another vehicle manufacturer, with the risk of big job losses. In an attempt to calm union receiver appointed yesterday decided on a sale. by a Seoul court, denied he intended to push through sales

postpone a full strike pending clarification of the government's position on a possible takeover of the group. Mass meetings of Kia's 14,000 workers had shown overwhelming support for strike action. Mr Yoo said Korea Develop-

ment Bank, which will become Kia's biggest shareholder after investing a promised fears, Yoo Jong-ryul, the Won320hn (\$229m), had not yet Mr Yoo's comments did not

damp speculation that Kia and of Kia and its commercial Asia would be sold. Hyundai

Workers at Kia Motors, South won't push for the sales of the companies, as some people workers at Kia Motors, South won't push for the sales of the maker, has indicated it would year of Won7,970bn, compared be interested, as has Samsung, with Won 980bn in equity capital the industrial group that tal. This week, Kia forecast its Korea's third biggest car-malising them after reviewing started building cars last debt-to-equity ratio this year month. Samsung might act in would fall to 707 per cent. Union leaders decided to collaboration with Ford, which already has about 17 per cent of Kia in a joint holding with

Mazda, the Japanese carmaker Ford controls. Korean law allows companies in receivership protection from creditors while a courtappointed manager draws up a recovery plan, but analysts doubt Kia can survive indepen-

dently, given its poor profitability - now exacerbated by the collapse in domestic sales since last year's financial turmoll in Asia.

A Kia Motors official said

vehicles arm, Asia Motors. "I Motors, Korea's biggest car- the company had debts last Union leaders had been

demanding that the court appoint a second administrator from within the company. Hanwha Machinery, a subsidiary of the big Hanwha

group, has agreed to sell its bearing operations to Germany's FAG Kugelfischer for DM420m (\$231m). Hanwha Machinery is also in talks to sell its 51 per cent

stake in Hanwha Automotive Component, a joint venture with Ford, and its half share in Hanwha GKN, a venture with the UK engineering group.

GEC-Alsthom parents to draw special dividend

By Roger Taylor in London

Ecu 1.2bn (\$1.3bn) from their end of the month. joint venture GEC-Alsthom later this year.

the heavy engineering com- agreed to merge their heavy pany began the process of marketing itself with a presenta- The company's balance sheet tion to analysts in London shows share capital of future structure. The business, paid-in capital of Ecu 935m. valued at around £4bn (\$6.7bn), is expected to be the largest of about Ecu 1.5bn at the end public share offer in Europe this year when it floats in Lon- March 1997, and shareholders' don. Paris and New York in funds of about Ecu 2hn against June. The French-based company stressed its international nature, saying that every time by its agreement, announced it had made a mistake it had

been the result of parochialism. Alsthom, as it will be called, plans to have more non- and Ecu 550m. French directors on the board

dent non-executives, yet to be meet excess demand, could named, who will reflect the result in a further 6 per cent international nature of the

The executives will be Pierre Bilger, president and chief executive. Jim Cronin and Nick Salmon from GEC. Claude Darmon from Alcatel. and François Newey, who recently joined the company as finance director from Bull, the

French computer group. The company has a limited time in which to make the offering after publishing its accounts for the year ended

March 31 before the holiday season starts in July. At the General Electric Company of moment it is expected to conthe UK and Alcatel-Alsthom of duct marketing compaigns in France are planning to draw a early June with the share special dividend of about offering coming towards the

An Ecu 1.2bn special divibefore floating the company dend would reflect the investment in the company by GEC This emerged yesterday as and Alcatel Alsthom, which engineering businesses in 1989. which laid out its planned Ecu 298m and additional

The company had net cash of its last financial year in which to horrow

Debts will also be increased this week, to buy Cegelec. Alcatel's electrical contracting business, for between Ecu 500

Both GEC and Alcatel plan than any other large French to sell at least 26 per cent of company. the company, leaving each in addition to five executives with a 24 per cent stake. Howthere will be three indepen- ever a "green shoe" facility, to being sold, leaving each parent with 21 per cent.

Alsthom will adjust its dividend policy to reflect its new status as an independent busi-

In the past it has paid out about 70 per cent of its earnings to its parents. In future this will be cut to about 30-40 per cent in line with others in the industry.

Observer, Page 13 Background, Page 21

\$2bn asset exchange seals **C&W-Telecom Italia links**

Cable and Wireless of the UK and Telecom Italia yesterday cemented their week-old relationship with an exchange of assets expected to be worth more than \$2bn to the UK company.

A broad understanding between Europe's fourth largest carrier and C&W emerged last weekend when the two companies said they were exploring the possibility of co-operation on their respectivé networks.

Yesterday' they said they intended to invest in a joint operating company, which would "optimise the investment in the two companies' global networks and services allowed another company a Lex, Page 14

per cent stake in Bouygues Télécom, the French mobile phone operator, to Telecom Italia to underpin the alliance. Dick Brown, C&W chief executive, said the new com-

pany would carry more than 17bn minutes of telecoms traffic annually, making it the second largest international carrier after AT&T of the US. The partnership will not be sealed by an exchange of equity.

However, C&W has agreed to sell Telecom Italia up to 20 per cent of its wholly owned West Indies company and 5 per cent of C&W North America, the first time the UK company has

to multinational companies". share of its North American C&W has agreed to sell its 20 assets. With the sale of the \$743m, the value of the disposals will come to more than \$2bn.

Telecom Italia will integrate its 29 per cent holding in the Etecșa into C&W West Indies at a later date.

Mr Brown and Gian Mario Rossignolo, Telecom Italia president, said the alliance would be characterised by an absence of bureaucracy and an ability to act quickly unusual in large telecoms operators.

It is hoped the detailed business plan will be complete by the end of June.

Compaq investors unfazed by earnings fall to cent a share

By Louise Kehoe in San Francisco Compaq Computer reported a sharp drop in first-quarter parnings and warned that second-quarter results would also be weak as it continued to cut prices and overhaul manufac-

turing and distribution. The world's largest personal computer manufacturer reported revenues for the first quarter of 1998 of \$5.7bn, an increase of 8 per cent over share, compared with net earn-

ings of \$414m, or 27 cents a share, a year ago. cent, from the fourth quarter Wall Street analysts' sharply reduced estimates following a of 1997, said Earl Mason, chief Tuesday's close of \$261.

profits warning in March when financial officer. This helped to the company disclosed that boost the company's cash bal-North American sales to corpo- ance to \$7bn, an increase of 43 rate customers had dropped significantly and distribution channels were overstocked. Efforts since then to boost

sales by dropping prices and offering special promotions had accelerated sales, said Eckhard Pfeiffer, chief In comments that boosted

investor confidence, Compaq \$5.5hn in the first quarter last also said it expected worldwide year. However, net income PC sales to grow by 15-20 per dropped to \$16m, or 1 cent a cent this year, dispelling concerns about a broad market slowdown. Compaq's inventories had

per cent over \$50n a year ago. However, it would take another quarter of adjustment to put the company's core business on a track of improved profitability. Compaq had been slow to

respond to changing patterns in the way businesses purchased PCs, industry analysts said. The company was in the process of shifting to a "built to order" model that enabled buyers to choose systems configured to meet their specific

Compaq's shares rose The results were in line with decreased by \$314m, or 20 per slightly to trade at \$26 in mid session yesterday, up from

March 1998 CARCRAFT £50,000,000 Management Buy-Out £15,000,000 Equity investment by Royal Bank Development Capital Limited Senior debt facilities provided by **Bank of Scotland Structured Finance** Deal initiated and management advised by Price Waterhouse Advisers to Royal Bank Development Capital Limited **Dickson Minto WS KPMG Transaction Services** אל Royal Bank Development Capital

sche Bank

BANKING

First quarter at new UBS beats expectations

The enlarged Union Bank of Switzerland, which is marging with Swiss Bank Corporation, earned SFr1.3bn (\$871.5m) in

the first quarter of 1998. The net profit after taxes and minorities was slightly ahead of last year's quarterly average of the enlarged group, and is the first sign that the new UBS might be able to post higher

profits in 1998. Marcel Ospel, chief executive designate of the new group. disclosed the figures at yesterday's final annual meeting of

Swiss Bank Corporation. At the time of last December's mercer announcement, it had been estimated that earnings of the enlarged group

would be diluted by 10 per cent in its first year of operation. However, all divisions of the new group posted higher profits in the first quarter, with the Warburg Dillon Read investment bank, which had just about broken even in the final quarter of 1997, reporting particularly strong earnings growth. Mr Ospel said yesterday that he still expected the merger will be completed early in the second half of the year. William Hall, Zurich

COMPUTER DISTRIBUTION

Viag in Tech Data deal

Viag, the Munich-based conglomerate, could hold up to 16 per cent in Tech Data, the Florida-based personal computer distributor, under a deal by which it will transfer its Computer 2000 operation to the US group.

Viag insisted it remained committed to the fast-growing personal computer distribution market, but its sale of Computer 2000 had been forced by the "accelerating pace of globalisation in PC trading".

Viag took a majority stake just four years ago in Computer 2000, which reported an after-tax loss of DM70m (\$38.8m) in the 1996-97 financial year.

The combined Tech Data group - already the world's secand largest computer products distributor after Ingram Micro - is expected to have sales this year of about DM27bn.

Under a deal disclosed late on Tuesday. Viag is selling the 80 per cent its Klöckner & Co subsidiary currently holds in Computer 2000 in exchange for Tech Data stock and convertible notes.

Overall the transaction is worth about \$390m. Ralph Atkins, Bonn

TELECOMS

Nokia in 2-for-1 share split

Nokla, the Finnish telecommunications group, yesterday announced a two-for-one share split, effective from today. The move reduces the nominal value of Nokia's A and K shares from FM5 to FM2.5.

The split is aimed at making the stock more tradeable for small investors following a sharp rise in the market value of Nokia shares in recent years, fuelled by rapid growth of the group's mobile telephony business.

Nokia's most-traded A shares rose FM21_20 to FM675 yesterday, representing a gain of about 130 per cent over the past 12 months. Nokia last split its shares, by a four-to-one ratio, three years ago. Greg McIvor, Stockholm

SATELLITES LUXEMBOURG LISTING LIKELY TO VALUE GROUP AT \$3BN

shareholders back flotation

Européenne des Satellites, owner of Astra satellites, yesterday voted unanimously to float the company on the Luxembourg stock

The flotation, which would more than \$3bn, follows similar moves by a number of other satellite operators.

SES owns seven satellites. with four more under construction. The company, cre-

By Andrew Jack in Paris

Allianz, the German

insurance group, yesterday gained clear control over

AGF of France, acquiring

78.7 per cent of the capital at

the end of its friendly take-

over bid, launched late last

The success of the opera-

tion means the group will

scale back its subsidiary

offer, leaving it with 51 per cent of AGF's shares with

the remaining 49 per cent

still quoted on the Paris

stock exchange.

The details of the deal -

launched as a "white

knight" bid to block a hostile

emerged as AGF unveiled a

offer from Generali of Italy -

Corporation and Flextech, take part in the flotation, revenues this year. the UK pay-TV company.

which will lead to a reduc-At the annual general tion in their shareholdings. meeting. shareholders The company would not say backed a listing on the Lux- how many shares would be embourg market before the put on the market. end of the year, with a secbe likely to value SES at ondary listing a possibility.

> flotation would enable it "to establish a market-driven valuation" of the company. It also wanted to widen its

ing the satellite broadcaster. Luxembourg and Ulster coming launch of the Astra Kuper. Shareholders in Societe the British Broadcasting Television, have agreed to 2A satellite would improve

> Financial Times, sold a 7.6 (\$270m) in February, indicat-Stanley, Deutsche Bank. ing a £2.1bn value for SES. SES said yesterday that a Dresdner Bank and the It emerged yesterday that Banque Generale du Luxem-Clay Whitehead, a US satelbourg - have been appointed lite specialist, has filed a suit

to handle the operation. SES sales rose 27 per cent in Luxembourg against SES to LFr17.874bn (\$480m) in claiming punitive damages All SES shareholders, 1997, with net profits up and an estimated \$180m- which he denies.

Allianz succeeds in bid Raisio to launch

high-profile clients, include which include Deutsche 34 per cent to LFr6.406bn. \$200m as his share of profits ing British Sky BroadcastTelekom, Dresduer Bank The company said the forthover 20 years, writes Simon Mr Whitehead, who was

> Although SES's market Telecommunications under value has not been deter- President Nixon, supplied mined, Pearson, owner of the some of the satellite technolper cent economic stake in says he is largely responsible Four banks - Morgan the company for £160m for the company's "great financial success".

> > of Benecol

By Grea Michaer in Stockho

Raisio, the Finnish food and

cutting margarine, Benecol,

in an attempt to broaden the

product's appeal among

The Finnish company,

whose shares have soared in

the past two years on the

back of Benecol's perceived

potential, said "Benecol

light", containing only 40

per cent fat, would comple-

ment the existing spread.

which has an 80 per cent fat

Raisio denied that the

introduction of a lower fat

variant undermined the

Benecol, Sten von Hellens, a

senior Raisio official, said

many consumers had

demanded a lower-fat ver-

He conceded that the new

market share from normal

full-fat Benecol, but he pre-

dicted it would extend Bene-

col's appeal among people

who prefer a lower-fat diet.

At present, Benecol is

product could take "a little"

sion of the margarine.

He argues that SES was

director of the US Office of ogy for SES in the 1980s, and

wrong to suspend his 50 founders' shares in 1993. The company claimed that he had breached an agreement by working for competitors,

Spanish tobacco group

Shares in Tabacalera: the Spanish tobacco group to be fully privatised this month. touched an all-time high yesterday amid strong demand for its Pta342bn (\$2.2bn) share issue, launched this

Applications for Tabacalera shares were spurred by reports that tobacco prices in Spain would rise by up to 25 per cent over the next three years to adjust to those elsewhere in the European

The tobacco company had previously forecast strong. earnings growth from its diversification into the domestic distribution sector and from expansion in the international cigar market. The share price yesterday

high, before falling back to close at Pta3,750, down from Tuesday's close of Pta3,880. The retail tranche of the issue, which involves the sale of the government's 52.3 per cent stake in the group, accounts for 63.2 per cent of

The company said this

North America this autumn. The demand from small suming approval by the savers totalled 162,000 indi-US Food and Drug Adminis-Clinical tests have suggested that daily con-

sumption of Benecol can reduce levels of harmful chopleted on April 28, and Tabalesterol by up to 15 per cent. The margarine's key cholesterol-cutting ingredihealth-enhancing image it ent is known as stanol ester, has promoted for full-fat an extract from wood pulp and vegetable off.

Raisio said the Finnish National Food Administration had approved Benecol light as a special dietary product which could be recommended to people suffering from elevated blood cholesterol levels.

into a global brand.

tration.

The US company is expec-

ted to launch a range of

Benecol-based products in

Results of clinical tests on the new spread will be published at next week's launch. Raisio shares rose FM9 to available only in Finland, FM900 in Helsinki yesterday. vatisation in Spain.

rose to Pta4,000, an historic where it has a market share of about 12 per cent. But Johnson & Johnson, the US chemicals group, will next healthcare group, last month week launch a new low-fat signed a worldwide market-version of its cholesteroling deal for Benecol products and has pledged to the mitial offer. transform the margarine

tranche had been 3.34 times over-subscribed within 48 hours of the start of the application period.

vidual applications for shares and represented more than twice the total value of the offer. The disposal will be com-

calera is confident the sale of the government's stake will increase its number of shareholders from 14,000 to more than 300,000. The strong demand

suggested the government would push ahead with the privatisation of the power group Endesa, provisionally scheduled for May or June. This disposal, which is likely to be similarly weighted towards small domestic savers, is worth some Ptal,366bn, and will set a new record for a market pri-

to win control of AGF low-fat version

25 per cent rise in 1997 net income to FFr1.9bn (\$314m). Antoine Jeancourt-Galignani. AGF's chairman, said: After a long wait, this group is today not only AGF board. Mr Jeancourtready for a real leap forward, but is already organising the conditions for it to take next four years, until he was

He confirmed that Allianz Jean Philippe Thierry, the would take less than half the chairman of Athéna, the boardroom seats, in line with its pledge during the takeover bid. The German insurer yesterday named three of its executives to the board, including Henning Schulte-Noelle, chairman, It the new AGF board. also named Jean Peyrele-

insurance group acquired by AGF last year, will leave the chairman of Paribas and a member of the Athéna board, will succeed him on Dominique Bazy, the for- FFr7bn.

vade, chairman of the mer deputy head of the French state-owned bank insurance group UAP and Crédit Lyonnais and a long- chairman of Allianz France, time ally of Allianz, to the will join the executive board. He will be a managing direc-Galignani said he would tor alongside Yves Mansion remain chairman for the and Jean-François Debrois from AGF. There will be four other members of the execu

tive committee. The AGF results included Athéna, which reported net income up 70 per cent to group. André Lévy-Lang, FFr451m. AGF will soon acquire Allianz France and Assurances Fédérales IARD, the German group's French operations, for about

KPN's profits exceed expectations.

The net income of Royal PTT Nederland NV (KPN) increased in 1997 by 9.3% to NLG 2,690 million. Sales went up by 44.3% to NLG 30,776 million. Sales at PTT Telecom reached NLG 15,473 million. and at PTT Post/TNT NLG 15,267 million. KPN's operating income

went up by 6.2% to NLG 4,642 million. Earnings per share rose in 1997 to NLG 5.72, as compared with NLG 5.29 in

The KPN Board of Management has decided, subject to approval of the financial statements, to pay a dividend of NLG 3.10 over the 1997 financial year. The 1997 dividend will be equal to the sum of the

first interim dividend of NLG 1.10 and the second interim dividend of NLG 2.00, so no final dividend will be paid. Shareholders may elect to receive the second interim dividend either in cash or in shares. The dividend will be made payable as of May 25, 1998, after the option period that will run from April 29 to May 20, 1998.

PTT Post/TNT recorded a net profit of NLG 694 million in 1997. TNT/GDEW contributed NLG 64 million to the profit. Sales more than doubled to NLG 15,267 million, and

operating income increased by NLG 212 million (19.1%). Mail, Express and Logistics contributed to the higher sales by NLG 24 million, NLG 139 million and NLG 20 million,

In millions of guilders	1997	1996	growth
Total operating revenues	30,776	21,330	44.3%
Operating income	4,642	4373	
Earnings	2,690	2,462	9.3%
Group squity	17,565	16.83	
Earnings per share	NLG 5 <i>3</i> 2	NLG 5.29	8.1%

PTT Telecom recorded a net profit of NLG 1,941 million and sales of NLG 15,473 million, an increase of 9.4% and 8.4%, respectively. Much of the growth in sales can be attributed to the increase in sales of mobile communication services by NLG 524 million (27.8%) and of national telephony services by NLG 366 million (5.6%). Station 12 (satellite communication) increased its market share and strengthened its position as global market leader.

in June 1997, the Board of Management announced its

decision, with the approval of the Supervisory Board, to recommend to its shareholders to resolve the demerger of the mail, express and logistics activities. The demerger will allow KPN NV (the new telecommunications company), TNT Post

Group NV and Vision Networks NV, in principle, to operate independently of each other.

The 1997 KPN annual report will be published in late May 1998. The general meeting of shareholders will be held in The Hague, The Netherlands on June 26, 1998. Copies of the 1997 KPN annual report are obtainable by filling in the coupon or by faxing +31-23-5623024.

Name:	
Сопървану:	
Address:	
Postcode/city:	
Postcode/city: Send in a sested envelope to: KPN, Antwoordmummer 61,9	



y 35-

reg _{(MET}) Reflet

San Francisco Strep. mr-2.... We be to a

reput t 105 (5) ---3000 (c. 5) military and the second Recession ยรักร้อง Largester A. Construction of the Em 12:

Koval I'll Anders

頭膝をある はだい ハイ

Second 1997 Interim Dividen

PN will pay a second 1997 if

е 26, 1998, можитит, раун Second 1991 interior divic the large

15,

Section 1

11.5

11 11 12

....

5 Same

1. 1.5

4.5

History of the material Angle in his

and a second

A ...

Name of the State of the State

والمراجع الجوافي

 $\mathfrak{C} \cong \mathbb{R}^{n+1} \times^{n+1}$

 $_{1}\otimes_{\mathcal{Z}_{1}}\circ_{1}\mathbb{C}^{n}$

COMPANIES & FINANCE: THE AMERICAS

TYRES STRONG US DOLLAR AND ASIAN CRISIS TAKE TOLL

Goodyear sales dip in first quarter

By Nikki Tait in Chicago

The strength of the US ness in Asian markets rose from \$1.01 to \$1.09. caused Goodyear, the US tyre manufacturer, to report ahead of analysts' estimates of 24.7 per cent, up from 28.5 year earlier, the Ohio-based First Call. group saw sales of \$3.2bn.

managed to post a modest gain in after-tax profits. The company said net profits totalled \$176.8m, up from \$170.4m in the first quarter of 1997, with earnings per share rising from \$1.08 to \$1.11.

Excluding one-off items which included a gain of correncies also cost the com-

\$37.9m on the sale of a latex pany about \$124m in sales. plant and the loss of \$34.7m However, Goodyear sales. related to the pending sale of its All American Pipeline dollar coupled with weak- System - earnings per share

This was just slightly a dip in first-quarter sales to which averaged around the per cent a year earlier. \$3.1bn. In the same period a \$1.08 mark, according to

Samir Gibara, Goodyear's But Goodyear still chairman, described the Asian markets as "severely depressed", and the com-pany reported a 50 per cent reduction fall in original equipment sales to the Asian

> The translation effect from both Asian and European

However, Goodyear said profitability had been helped by lower raw material costs, and some continuing productivity improvements. It reported a gross margin

Meanwhile, Eaton Corpo

ration, the Cleveland-based controls group which is a big supplier to the automotive and semiconductor industries, also reported a sales decline in the first quarter, to \$1.69bn compared with \$1.79bn a year earlier.

After-tax profits rose 4 per cent to \$105m, with earnings strong US dollar against per share increasing more significantly, from \$1.29 to



BankAmerica exceeds expectations

By John Authors in New York

BankAmerica, which this week announced it was merging with NationsBank to form the largest retail bank in the US, yesterday released earnings figures for the first quarter comfortably ahead of Wall Street analysts' expectations.

In line with the trend already noted at most of the commercial banks to have rose to \$1.17, compared with

markets increased substanincome, derived from lend-ing, fell somewhat.

research group.

BankAmerica, which is based in San Francisco, also

Overall, BankAmerica's profits rose to \$835m from \$780m in the equivalent completed during the final quarter of 1997, helped by a quarter of last year, and by a sharp rise in non-interest income, which increased 32 trading operations following per cent to \$1.81bn.

Rarnings per diluted share

according to a poll by the tially, while net interest Boston-based First Call first quarter of last year.

> acquisition of the Robertson Stephens investment bank, rebound in its international the problems caused by the Asian currency crisis.

Trading income rose from reported so far, fee income \$1.03 a year ago. This was 2 \$63m in the fourth quarter of cancelled the planned sale of slightly increased, up from from activities such as fund cents ahead of the consensus last year to \$251m. This was its retail businesses in \$253.6m to \$260.3m.

the \$188m recorded in the now be merged with BankAmerica, which is network in the state.

to stop its share repurchase campaign, having bought 8.3m shares during the first tor, down \$\frac{1}{4}\$ at \$91. quarter. This is because its Trading revenues for merger with NationsBank Republic New York will be accounted as a pooling of interests.

It also announced it had interest income was only

management and capital of analysts' expectations, also comfortably ahead of Texas, because these can NationsBank's large branch

BankAmerica's shares fell confirmed that it would have slightly in morning trading, although by slightly less than the average for the sec-

increased by 24 per cent over the year to \$66m, while net

Operating profits rose 12 per cent to \$1.3bn in spite of the stronger dollar and heavy investment in marketing, intended to build volumes.

Coca-Cola, which earns 80 per cent of its profits from outside the US, has historically engaged in extensive currency hedging operations to protect its dollar profits, but the long rise in the dollar has reduced the effectiveness of these measures.

Yesterday it said its hedg-

ing operations had previously limited the negative impact on its bottom line to a maximum of 3 per cent but the impact would likely

NEWS DIGEST

SECURITIES

Coca-Cola

hurt by

dollar's

strength

Coca-Cola, the US soft drinks

group, yesterday said the

volume of soft drinks sold in

the first quarter surged an

underlying 9 per cent world-

wide, but the strong dollar

led to a disappointing finan-

Net profits tumbled from

2987m to \$857m, largely

because the previous year's

first quarter included a

substantial gain from the

sale of the company's inter-

est in Coca-Cola & Schwep

Even excluding the gain,

equivalent to 8 cents a share,

the improvement was weak

Underlying earnings per

share rose just 9 per cent, from 32 cents to 35 cents, in

a quarter with more ship-

ping days than usual. The company also continued its

The earnings per share fig-ure was slightly ahead of the

consensus forecast of 34

cents a share, but in early

trading Coca-Cola shares

were down \$17, or nearly 2 per cent, at \$76%.

Coca-Cola said underlying

sales volumes, excluding the

effect of extra shipping days.

rose 9 per cent. Revenues and profits were hit by the

rising dollar, which was 10

per cent stronger against a

easket of currencies.

heavy stock repurchases.

by Coca-Cola's standards.

By Richard Tomkins

cial performance.

pes Beverages.

in New York

Bear Stearns ahead at \$166m in third quarter

Bear Steams yesterday reported net income for its third quarter, ending on March 27, of \$166.3m, or \$1.15 a share, the second best quarter in the US-based securities firm's history and up from \$165.5m in the same period last year. Revenues for the quarter were \$1.1bn, up 12.4 per cent from \$934.5m a year ago. The firm's staff is up 20 per cent, after significant additions in investment banking, equities and asset management. Sam Molinaro, Bear Steams' chief financial officer, said recruitment had been facilitated by the displacement of staff caused by recent consolidation and retrenchment in the industry. The 400-strong London office was likely to add 50-100 more staff this year, he added. Mr Molinaro said the firm would continue to build organically and was not looking for potential merger partners or acquisitions. Tracy Corrigan, New York

MOTOR LUBRICANTS

Pennzoil and Quaker in merger

Pennzoil and Quaker State have agreed to merge their competing motor lubricants and oil change centre operations into a new company with estimated annual revenues of about \$3bn. The deal brings together two of the biggest brands in the sector, and follows Pennzoil's successful defence against a hostile takeover bid from Union Pacific Resources, during which it claimed repeatedly it had plans to increase shareholder value.

The Pennzoil contribution will include the international Jiffy-Lube franchise business, which will be spun off into a separate company and then merged with Quaker State, which runs

the Q-Lube chain. Pennzoil shareholders, who will retain their existing stock and get one share in the new company for each unit already held, will own 61.5 per cent of the new group, which is yet to be named. Quaker stockholders will receive 0.82 shares for

each Quaker share they own. The deal is expected to be tax-free and reduce combined operating costs by up to \$125m a year. Christopher Parkes, Los Angeles

PROCESSING

Oglebay bids for Global Stone

Oglebay Norton, the US resource and distribution group, has emerged as a "white knight" by offering C\$250m (US\$174m) for Global Stone, the Canadian limestone processor that had been the target of a hostile takeover bld by the Belgian-based

Global Stone said Oglebay Norton's bid represented a fair value for the company and announced it would lift the "polson pill" restrictions it had put in place to fend off Carmeuse's C\$200m offer. Global Stone, which has facilities in Canada and the US, would operate as a business unit of Oglebay Norton under the direction of Global Stone's current manage-

Oglebay Norton, which mines and markets industrial sands, has embarked on an expansion project and recently acquired a US limestone quarry. The company, which had 1997 revenues of US\$145m, also operates a shipping line in the Great Lakes region which Global Stone has used to transport its products. Scott Morrison, Toronto

Unisys lifted by growth in IT services

By Christopher Price in San Francisco

Strong growth information technology services helped Unisys, the US computer products and serquarter of 1998.

Lawrence Weinbach, chair-

Second 1997

Interim Dividend

Due to the planned demerger of

KPN, the general meeting of si

holders of KPN will be held on June 26, 1998. However, payens

of a second 1997 integen dividen will ensure that shareholders

their dividend as Dr

in reductions in the group's on that." debts. The group aims to by 2000.

Mr Weinbach said he was Revenues rose 8 per cent up further opportunities. **We are going to increase our investment in the busiman and chief executive, ness and possibly look at which supplies systems and lett-Packard for the supply cents, compared with a loss be greater than that this

Royal PTT Nederland NV (KPN) has

decided, subject to approval by the

Supervisory Board, to pay a second

ordinary share of NLG 10 par value

KPN is offering each shareholder a

interim dividend entirely in cash or

choice of payment of the second 1997

entirely in the form of ordinary shares charged against the additional paid-in

capital or, if the shareholder so elects,

against the other reserves. The value of

to 5% lower than the value of the cash

dividend. The number of dividend

rights entitling shareholders to one

Exchange on May 20, 1998.

Payment of the second interim

exempt from dividend tax in the

Nerherlands. Payment in shares

charged against the other reserves

will in principle be subject to 25%

dividend tax over the par value of

The schedule for the second 1997

KPN shares and starting date for

electing form of payment of second

May 20, 1998 Closing date for stating preference of second interim dividend payment options (before the close of

trading on the AEX Stock Exchange).

dividend in shares based on the closing

price on May 20, 1998. Approval by

the Supervisory Board of the dividend

Adoption of the proposal for the

proposal (in cash and in shares). Announcement of the second interim dividend in cash and in shares after the close of trading on the ARX Stock

May 25, 1998 Payment of dividend and start of delivery of shares in

connection with stock dividend

April 29, 1998 Ex-dividend listing of

the payment.

interim dividend is:

interim dividend.

Exchange.

dividend in shares charged against

the additional paid-in capital will be

new ordinary share will be established

at a round figure based on the closing

price of KPN shares on the AEX Stock

over the 1997 financial year.

cash generation during the IT industry at the moment loss of \$50m to a profit strategy of becoming an IT quarter had led to further and we are keeping an eye of \$7m.

get and that this would open opportunity arises. "It will give us flexibility," said Mr

The IT services business, said the results underlined acquisitions. There is a lot of services to business users, of PCs, notebook computers of 6 cents.

innering dividend of NLG 2 in cash per you wish payment of your dividend in

the dividend paid in shares will be 2% to ABN AMRO Bank N.V. in

the group's recovery. Strong consolidation going on in the moved from an operating and servers as part of a

Sales increased 19 per cent As part of this strategy, to \$510m, with computer that time Unisys's strategy reduce borrowings by \$1bn Unisys will next week ask systems sales flat at \$616m for reducing its heavy debts.
by 2000. Shareholders to approve an as a result of Unisys's decivices group, to triple net income to \$63m in the first confident of reaching the tar-shares in case a suitable sonal computer and low-end sion to pull out of the perserver markets.

month that it had struck an about \$814m. agreement with Hew-

If you are a shareholder, you should

where the shares are in deposit before

the end of the option period whether

cash or in shares. In general, your

bank or stockbroker will indicate a preference on your behalf if you do

not make your wishes known before

requested to submit the dividend rights which are the subject of their

clients' dividend payment options

Amsterdam, ING Bank N.V. in Amsterdam or Rabobank Nederland in

Utrecht not later than May 20, 1998

Shareholders whose preferences have

dividend in cash after deduction of

Payment of the dividend in cash and

delivery of shares in connection with

stock dividend conversion will start

May 25, 1998. The new ordinary

shares entitle shareholders to the

1998 dividend and the dividends

Delivery of ordinary shares to banks

or stock brokers will take place based

Remaining fractions will be settled in

ember firms of the AEX Stock

for the conversion of dividend rights to

enable shareholders to exchange their

dividend rights free of commission.

Exchange will receive the compensation stipulated in the 90-56 circular

exclusively on the total number of dividend rights delivered by the bank

or stock broker on May 20, 1998.

(before the close of trading on the

AEX Stock Exchange).

25% dividend tax.

of subsequent years.

the end of the option period.

inform your bank or stock broker

solutions business. Mr Weinbach set out at

first quarter, the company had subsequently achieved debt reduction of \$800m. Unisys announced last. Debt levels are currently

Earnings per share were 14



Last Quarter, Wall Street's No. 1 IPO Underwriter Wasn't on Wall Street



"One surprise on the IPO front was the emergence of Arlington, VA - based Friedman, Billings, Ramsey Group as the top ranked underwriter of IPOs, excluding closed-end funds and unit issues." The Wall Street Journal*, April 1, 1998

Manager US Issuer IPOs 1/1/98 - 3/31/98

	Мажерось	(mils)	Sbare	kssnos
1 :	Friedman, Billings, Remsey & Co., Inc.	802.5	13.3	4
2	Merrill Lynch & Co.	783.8	13.0	7
3	Morgan Stanley Dean Witter	606.3	10.0	4
4	Goldman, Sachs & Co.	589.6	9.7	6
5	Credit Suisse First Boston	504.7	8.3	5
6	Donaldson, Lufkin & Jenrette	468.7	7.7	6
7	BT Alex. Brown Incorporated	293.8	4.9	5
8	Salomon Smith Barney	248.9	4.1	3
9	JP Morgan & Co. Inc.	172.5	2.9	1
10	PaineWebber	164.9	2.7	2

We Thank our Clients for their Confidence in our Abilities

and Congratulate our Talented Employees

FRIEDMAN BILLINGS RAMSEY

ungton • Boston • Irvine • London

one), just, \$7Å regelesed, step () i sata

NS.

CANADIAN TELECOMS C\$1.6bn OFFER FUELS SPECULATION OVER RIVAL SUITORS

all-Net bids for Fonorola

By Edward Alden in Toronto

Call-Net Enterprises, the Canadian long-distance telecommunications carrier, yesterday announced a C\$1.6bn (US\$1.1bn) bid to take over Fonorola, an acquisition that would create the country's dent and chief executive, largest alternative said the acquisition would long-distance company.

The announcement set off a frenzy of speculation that other bidders could enter the game, sending Fonorola's capital and operating shares from C\$44.20 at Tuesday's close to a high of C\$67.25 in mid-day trading yesterday, C\$7.25 over Call-Net's bid price. Analysts said other possi

ble suitors included Albertabased Telus, which is dis-

Canada Enterprises, Cana- idential and small business long-distance market, while da's largest phone company, Fonorola is the second largand WorldCom, of the US. Fonorola's board was est alternative provider for meeting last night to con- institutional and big business customers. sider the offer.

Juri Koor, Call-Net presiprovide more than C\$600m in savings over five years from better use of the combined network and reduced

The combined company would have access to the and data services market, entire Canadian market- making it a serious rival to place, links to the US and an Bell Canada and to the Stenenhanced position to serve markets," he said.

expenses.

cussing a business combina-tion with AT&T Canada Sprint Canada, is the largest customers in Canada, and

Fonorola also owns a gateway switch in New York, 30 per cent shares. which could route Canadian and US calls overseas when Telegiobe loses its monopoly on international traffic later this year.

would have 16 per cent of the Canadian long-distance tor alliance of regional telephone companies. It would control a 14,700km fibre-

Long Distance Services, Bell alternative carrier in the res- would generate about C\$2bm in revenue in 1999.

War lister

Mannesi

vestme

Call-Net is offering to buy ... all outstanding Fonorola shares for either C\$60 or 2.4 Call-Net class B non-voting shares, with the offer split 70 per cent cash (C\$1.12bn) and

The bid could be complicated by a poison pill, or shareholder rights plan, adopted by Fonorola last year, which forces purchas-The combined entity ers to hold a bid open for 60

Call-Net's offer will expire 21 days after the mailing to Fonorola shareholders.

Call-Net yesterday reported first-quarter revenues of C\$258.1m, a 24 per cent rise on the same period last year. Call-Net shares

Crandall to step down as chairman of AMR

By Richard Tomkins in New York

AMR, parent of American Airlines, the second biggest US carrier, yesterday reported soaring profits for the first quarter and announced that Robert Crandall, its chairman and probably the best known figure in the world airline industry, would retire on May 20.

Mr Crandall, 62, recently indicated that he wanted to step down before reaching AMR's mandatory retirement age of 65. He will be succeeded by his heir apparent, Donald Carty, the company's president.

Mr Crandall leaves AMR at a time when American Airlines, and the rest of the US airline industry, has become more profitable than at any time since its inception. After seven years of growth in the US economy, domestic flights are operating with fewer empty seats than ever, enabling airlines to push up fares to record levels. At the same time, fuel costs have plummeted because of low oil prices. AMR - the first US airline

to report its first-quarter results - said net profits had analysts.

AMR's shares surged \$5%. or 3 per cent, to \$152% in early trading, taking other airline's shares with them. UAL, parent of United Airlines, rose \$1% to \$93%, and airline industry's complex and was promoted to presi-Delta Air Lines rose \$1% to

two-for-one stock split. and gravel-voiced, is credited airlines failed to follow its with shaping the world air- lead. line industry as well as

AMR also announced a



Robert Crandall; credited with shaping world airline industry. Reuters

shot up 90 per cent from AMR invented frequent flyer with the antitrust authori-\$152m to \$290m, or \$3.24 a programmes, developed the ties when he was caught try- cash flow records. share, far in excess of the Sabre computer reservations ing to persuade Howard Put-\$2.51 a share predicted by system, led the field in yield nam, then head of Braniff the film and television promanagement techniques and played a lead role in the development of hub-andper cent. Mr Putnam spoke route networks. refused.

He also had his setbacks. His attempt to simplify the pricing structure with a mileage-based system called value pricing contributed to heavy losses for AMR in the Mr Crandall, combative early 1990s when other

Earlier, in 1982, he

Mr Carty, a Canadian, has been with AMR since 1987 dent in 1995.

He is regarded as less abrasive than Mr Crandall. though no less shrewd, and may help improve the air-

line's strained relations with its employees

AMR. Under his leadership, famously ran into trouble See Lex and Observer

Date set for court to consider Lockheed deal

By Alexander Micoli, Defence Correspondent

A US federal judge yesterday set a trial date of September 8 to consider the government's attempt to block Lockheed Martin's proposed \$8.3bn acquisition of Northrop Grumman.

Emmet Sullivan, a district court judge in Washington, said the case could take six weeks but promised a decision before Christmas.

The two military aircraft companies had argued for an earlier trial. A lawyer representing Northrop said that the company was in limbo and struggling to retain important personnel.

The government opposed the deal on the grounds that the combined group would have a virtual monopoly in some areas of elec-

Caisse Centrale de

000,000,3112

Crédit Immobilier 3CI

Floating Rate Notes 1998

Notice is hereby given that

for the interest period 14 April 1998 to 14 July 1998 the notes

will carry on interest rate of 7.80078% per annum, interest payable on!4 July 1998 will

amount to \$19.45 per \$1,000

tronics, and that vertical The company had a net loss integration could lead the company to place its own profit of \$34m a year earlier. electronic systems on its air-

However, the attempt to has puzzled the industry. since it has not won a contract to lead a significant new programme for some

"We were very supportive of the merger," said Alan Mulally, who heads Boeing's setback with an announcedefence decision, in a recent interview. Northrop is an important supplier to Boeing, which last year was allowed to acquire McDonnell Douglas.

Northrop Grumman's firstquarter results, released yesterday, showed its profits wiped out by a \$180m charge on sales down slightly from \$2.1bn to \$2bn.

The charge included \$150m preserve Northrop as an in rewards already awarded independent aircraft maker to senior Northrop executives before the justice and defence departments blocked the acquisition by Lockheed last month. The remaining \$30m was for advisers' fees.

Lockheed received a minor ment by the Pentagon that it was delaying until next year a decision to go ahead with full production of its F-22 stealth fighter.

The General Accounting Office, the investigative arm of Congress, had asked for more tests on the aircraft before funds were committed connected with the merger. to full production.

ANALYSTS - INVESTORS

Welcome to your very own internet site

www.finance.suez-lyonnaise.com

Complete financial data

were up C\$1.75 to C\$26.75. Losses at Time Warner hit \$62m

By Christopher Parkes in Los Angeles

Gerald Levin, Time Warner chairman and chief executive, yesterday repeated his predictions of a record year for the entertainment group despite a fall into a net loss of \$62m in the first quarter. The results translated into loss of 25 cents a share compared with a deficit of 8 cents last time, on revenues up 7 per cent at \$6bn. However, operating cash

4-77:11

Mary Person

Harry Street

te harr

Ott. organisa

10 D. ...

legi r

\$6 (197~)

nd flur

le addis

Steps (Apr. 1997)

NEW TELESCOPE

Murch

beared an and a second

im productive and a second

mental meaning and a second

anstments from the

profits the state of the

the to Most most a great and a fire

diamels, and

Busps were the delivery like

The Italian mounts of the state

Received at the country of the state of

p an annual la local court latter

ser the next state of the state of the

and for a fine the state of the state of the state of

as to property the state of the St.A!

aproportion the turn of the cheeks

Retasel reported a 1 in the form

the like in Proceedings of the street. These

A los productions

brings in process of the control of

The in their works street to the street

Ser De Harris

հ դալ...

flow reached new records, thanks in large part to a strong performance by cable television operations, and despite a lack of hits from the Warner Bros studio. Group cash flow,

expressed as operating earnings before amortisation of intangible assets, rose 7 per cent after adjustments for the sale and exchange of cable systems.

The publishing division. Time Inc, rose 12 per cent, and Turner Cable Networks advanced 34 per cent. Warner Bros, the HBO premium cable channel, and Time Warner Cable posted

Cash flow at Warner Bros. International Airways, to gramming arm, rose 13 per co-operate in raising fares 20 | cent and Time Warner Cable was up 17 per cent. The TBS film business, which includes Castle Rock and New Line, dropped into deficit as the success of The Wedding Singer was cancelled out by flops. Lost in Space, made by New Line, started well this month and has already grossed more

than \$40m in the US. Although Warner Bros also had a thin quarter at the box office, with only LA Confidential ranking as a success, television production results improved, thanks to popular series such as ER and Friends.

Music, long problematic throughout the entertainment industry, continued to struggle, with operating profits down at \$98m compared with \$118m, despite 13 Grammy Awards. Losses widened at the WB broadcast network, which showed a \$38m deficit against a loss of \$20m last year.

Comparisons with the group's results a year ago were made difficult by a \$250m gain in 1997 from the sale of its stake in the E Entertainment cable channel, while losses at WB were reduced last time by a gain made when Tribune Co exercised its option to increase its stake in the network to 22.5 per cent.

Reporting moves to cut debt by \$700m, Mr Levin said results were continuing to improve, putting it in a position to achieve BBB credit. "For the rest of 1998 we are on track for what I anticipate will be another recordbreaking year," he said.

Headquarrers blake dell 1998

ETITUTO MOBILIARE

Ordinary Menteludders "Viceting ton year many the first transfer of the Januar count to be feel feel for

General Control of the Control of th

to a second Manager with the street of the

 $p_{\Gamma_{\rm AAAB}}$

Albert of the Control of State of Sp. ashire there is a second second pt 31 plant least The second second Lan Michigan $\mathbf{M}_{\mathbf{u}_{m}}(\mathbf{u}_{\mathbf{u}_{m}},\mathbf{u}_{\mathbf{u}_{m}},\mathbf{u}_{\mathbf{u}_{m}})$

America I very state Cutation to the to $b_{R_{n-1},k_{1,n},\ldots,k_{D}}$

and information in actual time

Suez Lyonnaise des Eaux...

Degussa

Degussa AG, Degussa Corporation, Degussa Canada, Degussa International Finance, ASTA Medica AG, ASTA Medica Inc., Muro Pharmaceutical Inc.

DM 800,000.000 Global Syndicated Revolving Credit Facilities

DM 550,000,000 Multicurrency Revolving Credit Facility CAD 204,000,000 Multicurrency Revolving Credit Facility

Royal Bank of Canada Group Chase Manhattan plc Dresdner Kleinwort Benson Degussa Bank GmbH

Lead Managers

Banca Commerciale Italiana, Frankfurt am Main Branch Banque Bruxelles Lambert France Banque Nationale dr Paris S.A.

Bayerische Landesbank, Frankfurt Branch The Chase Manhattan Bank AG Commerzbank Aktiengesellschaft Den Danske Bank DG BANK Luxembourg S.A. GENERALE BANK NV

L-Bank Landeskreditbank Baden Württemberg LANDESBANK RHEINLAND-PFALZ - Girozentrale Royal Bank of Canada Europe Limited Vereinsbank Ireland WestLB Group

Managers

Deutsche Girozentrale International S.A. FRANKFURTER SPARKASSE HELABA Landesbank Hessen-Thüringen Girozentrale KREDIETBANK-BANKVEREIN Aktiengesellschaft Norddeutsche Landesbank Luxembourg S.A. Sal. Oppenheim jr. & Cie. Kommanditgesellschaft auf Aktien.

Zweigniederlassung Luxembourg

Dresdner Bank Luxembourg S.A.

Trinkaus & Burkhardt KGaA

Facility Agents

Royal Bank of Canada

Credit Suisse First Boston Canada

Lead Managers

Bank of Montreal

Citibank Canada

Deutsche Bank Canada

Dresdner Bank Canada

Royal Bank of Canada

Banca Commerciale Italiana of Canada

The Chase Manhattan Bank of Canada





13. Determination of the fees to be paid to Board members

14. Election of the members of the Board and deputies.

The resolution of the Annual General Meeting with respect to the

dividend shall specify the date on which the share register maintaine

by VPC (Swedish Securities Register Center) and the related list of

Monday, 11 May 1998 as the record date for payment of the dividend.

assignees, etc. are to be closed. The Board of Directors proposes

If the Meeting approves this proposal, it is estimated that dividend

payments will be distributed on Monday, 18 May 1998 to persons

Proposal to the Annual General Meeting

Members of the Board; Percy Barnevik, Georg Ehrnrooth,

Per-Olof Eriksson, Clas Ake Hedström, Clas Reuterskiöld,

Auditors: Authorized Public Accountant Lars Svantemark,

Deputy Auditors: Authorized Public Accountant Peter Markhorn.

15. Election of auditors and deputy auditors.

recorded in the share register and related list.

Authorized Public Accountant Bernhard Öhrn,

Authorized Public Accountant Alse Näsman.

Mauritz Sahlin and Sven Agrup.



are hereby called to the Annual General Meeting of the Company to be held on Wednesday, 6 May 1998, at 3:00 p.m. at Ishallen, Jernvallen, Sandviken, Sweden.

members.

Shareholders who wish to participate in the Meeting should notify the 11. Determination of the number of Board members and deputy Board of Directors by mail addressed to Sandvik AB. Legal Affairs, SE-811 81, Sandviken, Sweden, or by telephone, +46 (0)26-26 10 81 or telefax, +46 (0)26-26 10 86. Such notification must be received by Sandvik AB not later than 3:00 p.m. Monday, 4 May 1998. To be eligible to participate in the Meeting, shareholders must be recorded in the share register maintained by Vardepapperscentralen VPC AB (Swedish Securities Register Center) as of Friday, 24 April 1998. Shareholders whose shares are registered in the name of a trustee must have temporarily re-registered the shares in their own name not

Please provide name, personal registration or corporate identity number, address and telephone number when providing notification. If participation is by proxy, the proxy should be forwarded prior to the Annual General Meeting.

Agenda

- 1. Election of Chairman of the Meeting.
- to vote at the Meeting.
- 3. Address by President Clas Åke Hedström.
- 5. Election of mutates-checkers.
- 8. Motion on adoption of the income statement and balance
- short and the consolidated income statement and balance shee
- 10. Decision on the disposition to be made of the profits shown in the SANDVIK AKTIEBOLAG; (publ) balance sheet adopted by the Meeting.
- 6. Determination of whether the Meeting has been duly convened.

- The Board proposal is supported by shareholders representing approximately 45% of the voting rights for all shares in the Company.
- 7. Presentation of the angual report and auditors' report and the

- 2. Preparation of the list of shareholders entitled
- 4. Approval of the list of shareholders entitled to vote.
- 9. Motion on the discharge of the members of the Board of Directors and of the President from liability for the fiscal year.

MANHATTAN LOFT CORPORATION http://www.manloft.co.uk

Nakornthon Bank Public Company Limited Cayman Islands Branch

U.S. \$30,000,000

Subordinated Floating Rate Notes due 2004 in accordance with the terms and conditions of the Notes, the rate o interest applicable for the interest period 15th April, 1998 to 15th October, 1998 is 7.1875 per cent. per annum. Interest payable on 15th October, 1998 per Note of U.S. \$100,000

will be U.S. \$3,653.65. Bankers Trust Company, Hoog Kong

Agent Bank

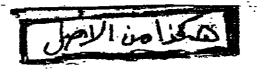
CORRECTION NOTICE Socialist Republic of Vietnam

Discount Bonds Due 2028

Notice is hereby given that the Rate of Interest has been fixed at 6.625% and that the interest payable on the relevant Interest Payment Date, September 14, 1998 against coupon No. 1 in respect of US\$1,000 nominal of the Bands will be \$34.23. April 16, 1998 By Calizzi, N.A. (Corporate Agency & Trast). Agent Benk

Agent: Morgan Guaranty Trust Company **CITIBANCO**

JPMorgan |



TELECOMS GERMAN GROUP EYES EUROPE

Mannesmann plans DM10bn investment

By Frederick Stüdemann in Düsseldorf

11.5

Losses

Warner

The Control of Paner

MR

أأحاد لانات بها علاستهاج

de la solición el

.

Ł

garage of the file

BOLL TO THE STATE OF

F----

Lague Contract of the Contract of

and the original

<u>.</u>

-:-----

.

April 1

ALCO STATE

والمرادات والمراجع

 $\Delta \Delta g_{\rm pole}$

÷

LYSTS - INVESTORS

Water State of the State of the

• •

٠,__

sage of the first of

Mannesmann, the German conglomerate. yesterday detailed a DM19bn (\$10.5bn) investment plan to further its ambition of becoming Europe's leading private telecommunications performance in its late May. traditional, metal-based,

activities. By the end of 2002 the invest DM10bn in its telecoms division, which includes stakes in Germany's biggest digital mobile telephone network operator, Mannesmann Mobilfunk, and the fixed-line business Mannesmann Arcor, which is jointlyowned with Deutsche Bahn, the German state railway

company. Mannesmann will also step up its activities in France, where its holds a 15 division increased sales by per cent stake in the mobile telephone company Cegetel, and in Italy where -together with Olivetti - it owns 40 per cent of Omnitel barrier.

Pronto Italia, the country's Joachim Funk, chairman, second biggest mobile tele-

phone operator. In the same period, DM3.7bn will be invested in and orders were up 11 per the group's automotive division, particularly in expansion abroad and stepping up existing group's loss-making plant activities in car vehicle cockpit systems.

recently the group's most sluggish performer, will ing a reputation in the music receive DM3bn in investment to bolster its international position, particularly in hydraulics.

To help finance these investments. Mannesmann will make use of a DM3bn capital increase announced company and boost last month and planned for

Klaus Esser, chief finan-cial officer, said the signifi-cant investment needed for company said it would Arcor, Cegetel and Omnitel meant that the strong increase in returns in recent years achieved by the telecoms division were likely to be slowed down.

> operating profits of DM1.2hn and achieved sales of DM6.79bn. The division accounted for

In 1997, telecoms made

more than 80 per cent of Mannesmann's operating profits of DM1.74bn. in the first quarter, the

39 per cent. At Mobilfunk sales rose 34 per cent and the D2 mobile network broke through the 4m customer

said first-quarter sales for Mannesmann as a whole rose 23 per cent to DM9.8bn cent to DM11hn.

The financial crisis in Asia, which could hit the making subsidiary Demag, had yet to make itself

Mediaset and **News Corp still** in contact

Mediaset and Rupert higher than in the same Murdoch's News Corporation period last year. The comare still in contact over collaboration in television despite the recent refusal of Silvio Berlusconi, former Italian prime minister, to sell his controlling stake in the Italian television group to the Australian-based media concern.

Fedele Confalonieri, Mediaset chairman, yesterday said the Italian group "has not broken its relations with Mr Murdoch".

He added that the two groups "could do things together in the future".

Mr Murdoch's group remained an important supplier to Mediaset's television channels, and the two Deutsche Telekom and groups were considering joint productions, he said.

The Italian media group yesterday said it was aiming for an annual 12 per cent growth in earnings per share over the next three years. and for a rise in its return on investments from 13.2 per cent last year to more than 15 per cent by the turn of the

Mediaset reported a 4 per cent rise in 1997 consolidated net profits to L462.5bn (\$259m), a 10.2 per cent increase in pre-tax profits to rise in net revenues to L3,358.6bn.

For the first four months of this year, advertising revenues were 13 per cent pany said it expected to beat its target of a 6.5 per cent increase in revenues this

Mediaset is involved in fierce competition to secure the licence to operate Italy's third mobile telephone net-work, which is scheduled to be awarded by the government by the end of May. The media group - in

partnership with British Telecommunications, Banca Nazionale del Lavoro, Telenor and the Eni oil company - is competing with two other groups. One links Enel, the Italian electricity utility, with France Telecom, while the other is led by Autostrade, the Italian state-owned motorway group slated for privatisation this year.

Mr Confalonieri also expressed disappointment over last week's decision by Telecom Italia and the RAI state broadcasting network to establish a rival digital pay-television platform to compete against

Telepiu.
Telepiu is currently 90 per cent owned by France's Canal Plus, in which Fin-L921bn and a 7.2 per cent invest, Mediaset's parent company, has a 10 per cent

IMI

ISTITUTO MOBILIARE ITALIANO S.p.A.

Headquarters: Viale dell'Arte, 25 Rome, ITALY
Paid-up Share Capital: LT. 3,000,000,000,000 - Inscribed in the Company
Register of Rome oo. 10945/1991 (Tribunal of Rome) - Inscribed in the
Registry of Banks and Parent Company of the IMI Group - Inscribed in the
Registry of Banking Groups - Member of the Interbank Deposit Protection
Fund - Tax Code no. 00448420588; VAT no. 00896201001

Ordinary Shareholders' Meeting on 29 April 1998 (first call) and 30 April 1998 (second call) Nomination of members of the Board of Directors Announcement as per Art. 14 of the By-Laws

The Board of Directors approved the state of candidates for nomination of new members of the Board of Directors of IMI S.p.A., which is point 4 on the Agenda for the Ordinary General Meeting, convened for 29 April 1998 (first call), and, if necessary,

- for 30 April 1998 (second call). Luigi ARCUTI
- Mario ERCOLANI
- Ariberto PASSATI
- Giuseppe FONTANA
- Divo GRONCHI
- 8. Sandro MOLINARI 9. Emilio OTTOLENGHI 10. Stefano PREDA 11. Gianni ZANDANO

7. Alfonso IOZZO

6. Giovanni GROTTANELLI 12. Eberhard ZINN DE SANTI

The proposed slate, with the report of the Board anached, has been deposited for shareholders' disposition at the Company's headquarters and at the main offices of the designated institutions (indicated in the announcement published on April 2, 1998 regarding the Convocation of the Annual Shareholders' General

Rock concert leviathan leaves rival promoters out of tune

Some are concerned SFX will outbid them for superstar acts, but others see industry being strengthened, writes Alice Rawsthorn

who watch their favourite bands perform at livine Meadows Amphitheater in Los Angeles will know, or care, who owns the venue. Yet its owner, SFX Entertainment, is fast gain-

Since last summer, SFX Entertainment, a subsidiary of SFX Broadcasting, the New York-based media group, has spent \$500m on buying rock promoters, the companies which organise rock concerts, all over the US. This culminated in last month's \$30m deal to acquire Avalon Entertainment, the company that owns Irvine Meadows Amphitheater.

SFX has become the biggest company in the cottage industry of US concert promoters, with 40 venues in 20 US cities, including New York, San Francisco and St Louis. It is now poised to a marketing consultant, expand further by making a joined Bruce Morrow, a New \$100m offer for Florida's Cellar Door International, which organises concerts in several southern and mid-

Rival promoters fear SFX will out-bid them for superstar acts, such as U2 and the Rolling Stones. Some music

western states.

exploiting its power in negotiations with them and their acts. Other managers argue that the arrival of a well-capitalised investor could

Competitors say SFX's growing power will accelerate the trend for the market to polarise

> and weaker artists strengthen their traditionally fragmented industry. SFX dates back to 1979, when Robert Sillerman, then

> York disc jockey known as

"Cousin Brucie", to buy a

between stronger

small radio station in upstate New York. They then acquired other radio stations and television companies. After selling most of their interests to

ew of the music fans managers are concerned \$720m in 1989, they built up about the threat of SFX a 70-strong chain of radio

> Wall Street analysts criticised Mr Sillerman, now 49, for the labyrinthine nature of his business interests, Sillerman Communications Management, his privately owned consultancy, acted as investment banker and broker for most of SFX's deals, and collected fees of \$4m for

In 1997, SFX Broadcasting made net income of \$21.2m on turnover of \$270.4m, and Mr Sillerman agreed to sell its radio interests to Hicks Muse Tate Furst, an investment group, for \$2.1bn. Since then, he has built up SFX Entertainment, which he intends to spin off from SFX Broadcasting, by buying up rock promoters and venues. SFX has entered the rock

concert arena at a volatile time. Total receipts from North American tours reached \$1.3bn last year, just below 1994's record of \$1.4bn. However, the market was dominated by established superstars with older, affluent fans who could afford relatively high ticket prices. The Rolling Stones and U2 accounted for 13 per cent of Westinghouse Electric for all North American ticket Sprint, the telecommunica-

aka Prince Granty Butlet

sales by grossing \$89m and tions company. Elton John \$80m, respectively. that struck a deal with Citi-Such acts are able to offset the high cost of touring by clinching sponsorship deals. U2 has spurned sponsorship so far, but the US leg of the Stones' tour was backed by

corp for his summer tour. and Eric Clapton has one with Toyota's Lexus cars. By contrast, younger acts find it increasingly difficult to sell enough tickets to jus-

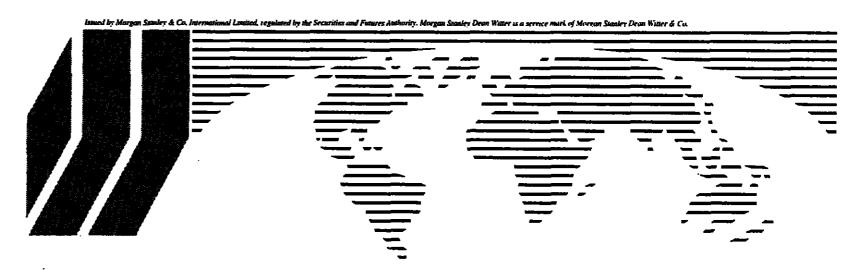
uring financial support from their record labels, or commercial sponsors. Many of them now perform together in collective tours, such as the Lilith Fair of women artists and the HORDE tour of

alternative rock bands. Rival promoters say SFX's growing power will acceler ate the trend for the market to polarise between stronger and weaker artists, if it signs up the highest-grossing acts

and squeezes them out. Some music managers sbare their concerns, but others applaud Mr Sillerman's plans to market the rock concert audience to advertisers and sponsors.

t present, most promot ers strike small deals with local companies, but SFX plans to clinch block deals across several venues with national advertisers and sponsors. It also plans to promote rock concerts as corporate entertainment alternatives to opera houses or sports teams.

"Perhaps it is dangerous for one company to have so much power," says one band manager. "But I'd welcome anyone who brings new capi



GLOBAL REACH

In-Depth Capabilities

Convertibles/Exchangeables

17TH-25TH MARCH: US\$2.25 BILLION

LOCAL INSIGHT

INDUSTRY EXPERTISE

Württembergische Germany

WVB Insurance Group monetised its holding in Swiss Re through an innovative DM550 million exchangeable bond. As the sole manager, we sold the issue within two hours, generating demand from the top European convertible investors.

19 March



17 March

 VNU The Netherlands

VNU wanted to finance its acquisition of

IIT Worldwide Directories with minimum

earnings dilation. With our help, VNU financed a portion of the acquisition through an NLG750 million convertible,

one of the most competitively priced European issues ever.

Hong Kong

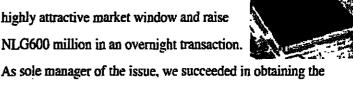
New World Infrastructure's US\$250 million convertible bond offering was the first for a Hong Kong corporate since July 1997. We

launched and priced on an overnight basis, thereby shielding the issuer from market risk.

ASML The Netherlands

We helped ASML to take advantage of a highly attractive market window and raise

NLG600 million in an overnight transaction.



20 March

25 March

highest ever conversion premium for a European convertible issue.

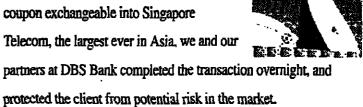
New World Infrastructure 24 March



Temasek-Singapore Telecom Singapore

When Temasek issued its US\$1 billion zero coupon exchangeable into Singapore

Telecom, the largest ever in Asia, we and our partners at DBS Bank completed the transaction overnight, and



MORGAN STANLEY DEAN WITTER

Beijing Hong Kong Amsterdam Bangkok Johannesburg Frankfurt Geneva Luxembourg Madrid Melbourne Milan Osaka Sydney Taipei Tokyo

This notice is available also on the Internet site: http://www.imispa.it

Annual General Meeting 1998

We hereby invite our shareholders to the 102th Annual General Meeting which will be held on Wednesday, May 27, 1998 at 10:00 a.m. in the Hanns-Martin-Schleyer-Halle, Mercedesstrasse 69, D-70372 Stuttgart (Bad Cannstatt).

Agenda (short version)

- 1. Presentation of the financial statements the consolidated financial statements and the ombined business review for Daimler-Benz Aktiengesellschaft and the Daimler-Benz group for the 1997 financial year.
- 2. Resolution concerning the distribution of unappropriated profit. It is proposed that a dividend of DM 1.60 from the unappropriated profit for the 1997 financial year of DM 11,162 million and a special distribution of DM 20.will be paid on each ordinary share of DM 5 par value.
- 3. Formal approval of the Board of Management's actions for the 1997 financial year.
- 4. Formal approval of the Supervisory Board's actions for the 1997 financial year.
- 5. Flection of auditors for the 1998 financial year.
- 6. Election of the Supervisory Board.
- 7. Resolution concerning the creation of a new authorised capital with the possibility of partially excluding the subscription rights of the shareholders and an amendment of the articles of association.
- 8. Resolution concerning the creation of a new authorised capital excluding the subscription rights of the shareholders and an amendment of the articles of association.
- 9. Resolution authorising the Board of Management to issue convertible bonds and bonds with warrants while at the same time expanding § 3 of the articles of association and amending the articles of association.
- 10. Resolution concerning the creation of authorised capital for issuing shares to employees and an amendment of the articles of association.
- 11. Resolution concerning the introduction of shares without nominal value and an amendment of the articles of association.
- 12. Resolution concerning the authorization to convert amounts denominated in German marks in the articles of association to EURO (introduction of the Euro).
- 13. Resolution concerning approval of a profit and loss transfer agreement.

Entitlement to attend the Annual General Meeting and to exercise voting rights is restricted to shareholders who in accordance with the articles of association deposit their shares or the certificate of their shares at the latest by Tuesday, May 19, 1998 at the depository below or with the company or with a German notary or a bank until the end of the Annual General Meeting.

The depository in the United Kingdom is Deutsche Bank AG London.

Shares can also be deposited properly if with the consent of a depository they are blocked by a bank until the end of the Annual General Meeting.

A copy of the annual report as well as admission cards for the Annual General Meeting can be obtained from Deutsche Bank AG London, 6 Bishopsgate, London EC2P 2AT.

Stuttgart-Möhringen, April 16, 1998

Daimler-Benz Aktiengesellschaft The Board of Management

COMMERZBANK

NOTICE IS HEREBY GIVEN that this year's Annual General Meeting of Commerzbank AG will be held in Frankfurt am Main at the Jahrhunderthaile Hoechst, Frankfurt am Main - Höchst, Pfaffenwiese, on May 29, 1998, at 10.30 a.m.

AGENDA (abridged version)

- 1. To consider the Bank's established Annual Accounts and Consolidated Annual Accounts, together with the combined Management Report for the Parent Bank and the Group for the 1997 financial year, as well as the Report of the Supervisory Board.
- 2. To resolve on the appropriation of the distributable profit. 3. To approve the actions of the Board of Managing Directors
- during the 1997 financial year. 4. To approve the actions of the Supervisory Board during
- Conversion to no-per-value shares, reclassification of the share capital, amendment of the Bank's statutes and
- adjustment of existing authorisations. 6. Conversion of the Bank's share capital into euros, amendment of the Bank's statutes and adjustment of existing authorisations.
- To authorise the Bank to purchase its own shares.
- 8. To elect new members to the Supervisory Board. 9. To appoint the Auditors for the 1998 financial year.
- Shareholders in the United Kingdom who wish to attend and vote at the Annual General Meeting should inform either the London Branch of Commerzbank AG at 23 Austin Friars, London EC2N 2EN, or SBC Warburg, 1 High Timber Street,

London EC4V 3SB, who will make the necessary arrangements. Such notice should be given by May 21, 1998. Copies of the German and English versions of Commerzbank's 1997 Annual Report are available from both Commerzbank AG and SBC Warburg.

COMMERZBANK AKTIENGESELLSCHAFT

ANA strike costs Y1.8bn

By Bethan Hutton in Tokyo

A pilots' strike at All Nippon Airways has already cost the Japanese airline at least Y1.8bn (\$14m) over the past 10 days and shows no sign of coming to an end.

Members of the in-house pilots' union are refusing to fly some international routes in protest at the company's introduction of a new wage system.

Kichisaburo Nomura, president of ANA, said the airline's existence could be threatened if the pilots did not back down. The company is already deeply in the red, and the new wage system is part of a cost-cutting increasingly competitive

ANA plans to pay pilots for the actual hours they fly each week, rather than for a nominal 65 hours a week, as they are currently paid. On average, pilots fly about 50 hours a week, so most would see a cut in salarv. ANA tried to introduce the

new system last year, but postponed it for a year after

ingapore's biggest com-

Opportunity of the Asian

financial crisis to uncover

inefficiencies that may have

crept in during the good

veers and to search for ways

of increasing competitive-

Singapore Airlines, for

example, has slashed fares to

some destinations by as

much as 30 per cent, reduced

the frequency and capacity

of several flights, and

suspended expansion plans.

With between 20 per cent

and 25 per cent of its traffic

to south-east Asia, the air-

line knows it will be hit by

the crisis and has chosen to

Chew Choon Seng, deputy

managing director, declines

to give a profit forecast, but

he believes capacity growth

will drop from the normal 10

per cent a year to less than 8

per cent this year. The air-line is proceeding on the

basis that any recovery will

take at least two years.

confront it.

ness during the bad.

panies are seizing the



Turning Asian crisis to their advantage

The same caution is evi- schools and offices in Singa-

dent at PSA, the world's pore on the world's first

largest container terminal nationwide broadband net-

the world's largest port in turns very bad in surround-

shipments, but half its busi- may have to cut back some

executive of the National will post strong growth.

Although the project - to to defer work, but only

deliver interactive multime- where it will not affect

dia services to homes, competitiveness.

Singapore groups hope to find ways of increasing efficiency, writes Sheila McNulty

not end in agreement and broke down on March 31. The two sides have not met since the strike started on April 6.

So far the dispute has affected more than 10,000 passengers, with at least 54 flights cancelled on certain long-haul routes to the US and Europe.

the pilots went on strike. threats to extend the strike at least twice that amount

operator. "We've got to be

prepared for any eventual-

ity." says Yeo Ning Hong,

PSA runs what has been

shipping tonnage and trans-

ness is to south-east Asia, so

the crisis has had a signifi-

Mr Yeo is working to cut

costs and lift productivity.

PSA will delay the second

phase of a US\$5bn project to

build a new container termi-

nal. This year, it expects

Computer Board, the force

behind Singapore's ambi-

tious plan to wire up the

city-state through the Singa-

pore ONE network, is

only single-digit growth.

chairman.

cant impact

Subsequent negotiations did to ANA's core domestic business or to target short-haul international flights.

Paul Smith, transport analyst at HSBC Securities in Tokyo, said that if the management won, it would be a pyrrhic victory. Cost savings from the new salary system are expected to be less than Yibn a year, and even if the strike ends soon. As yet, there have been no it will have cost the airline

work - is part of the state's

effort to maintain its com-

petitiveness, Mr Yeo fears

ing countries - I think we.

of the expenditure," he says.

oey Tak Hap, president

Singapore Power,

believes that in his business

there is a lag between a

change in economic condi-

tions and how customers

Even Stephen Yeo, chief March 1998, the company no customers.

react to it, so for the year to

In the following year he

panies to use power more

prudently, putting pressure

will search for opportunities

on earnings. So the company

expects individuals and com- attempts to regionalise, the

recover."

"Let's say the situation

the crisis may intervene.

ANA's earnings will be even more seriously damaged if the strike continues for another two weeks. Japan's busiest holiday period is the "Golden Week run of public holidays in late

April and early May. There are signs that Golden Week travellers are already booking with Japan Airlines or carriers other than ANA to avoid disrup

The company will con-tinue to lay cables, add infra-

structure and search for

opportunities to invest in the

region, where the crisis has

forced some companies to

seek foreign investment and

made others cheap as a

regional currencies.

result of the depreciation of

With almost no debt, Sing-

apore Telecom is not worried

about the rise in interest

rates or the depreciation in

the Singapore dollar against

the US currency. However.

its involvement in a project

to build lines in Indonesia

will be affected. The com-

pany says it makes no sense

to build the lines if there are

Even though the invest-

ment has complicated recent

company has not decided

against further foreign

investment. It says it is

looking to the future. "One has to believe, in the long

run, that the region will

NEWS DIGEST

HONG KONG PROPERTY

HSBC to pay HK\$4bn for new back-office site

The Hongkong and Shanghai Banking Corporation is to pay HK\$4bn (US\$516m) for the territory's new Olympian Centre to house its back-office and support operations. The three-tower complex is due for completion later this year.

The price is lower than analysts expected and indicates the depressed state of the property sector, which has been hit by rising interest rates. "It's a negative for office stocks." said Michael Leary, head of property research at Lehman Brothers. He estimates the price is 30 per cent lower than those. achieved by similar office blocks last August.

However, Hongkong Bank said the acquisition signalled its confidence in the market. "The purchase of Olympian Centre is the largest and most important investment Hongkong Bank has made in recent years," said John Strickland, chairman. "It confirms our continuing commitment to Hong Kong and our confidence in the long-term prospects for the Hong Kong." The bank will deploy 5,000 staff in the new offices, which will be completed in November, centralising operations now spread across 15 leased locations in the territory.

For the developers behind the Olympian Centre, which has been built on one of the new airport railway sites on reclaimed land on the Kowloon peninsula, the sale is partly positive. Sino Land, one of the consortium members, will be able to reduce its off-balance-sheet net debt, which Mr Leary puts at HK\$9bn, with its share of the proceeds. Speculation that Sino Land was in financial difficulties hit the company's share price in January. Although it denied the rumours, it has subsequently sought to raise cash through property sales rather than leasing. Louise Lucas, Hong Kong

BANK OF TOKYO-MITSUBISHI

Securities losses at Y353.5bn

Bank of Tokyo-Mitsubishi sald unrealised losses on its investment securities reached Y353.5bn (\$2.7bn) at the end of March. The bank said the unrealised losses were equivalent to 0.4 per cent of total assets, 373 per cent of operating profit and 806.8 per cent of net profit in the year to March 1996.

The bank said it had adopted an accounting method on securities holdings that required it to post appraisal losses if the market value of securities it owned was below their book value at the end of the business year on March 31. Daiwa Securities said it had a securities valuation loss of

Y20.9bn at the end of the financial year in March. The company expects to post a parent net loss for the year, but did. not specify the amount. Agencies, Tokyo

PUBLISHING

Time/Packer venture called off

A planned joint venture between Kerry Packer's Publishing and Broadcasting Limited and Time of the US has been called off only weeks after it was unveiled.

The two sides said due diligence had shown that cost savings through the creation of Premier Magazines, the joint venture company, would not have been as great as expected. Premier Magazines, announced in February, was to have grouped Time and Who Weekly, Time's Sydney-based publications, with Mr Packer's New Weekly, Australian Gourmet Traveller, Wine, and The Bulletin. Mark Multigan, Sydney

Comments and press releases about international companies coverage can be sent by e-mail to International.companies@ft.com

Dividend payment



At the Annual General Meeting of ers held on April 15, 1998, the dividend for the financial year 1997 was fixed at NLG 1.28 for each ordinary share (par value NLG 2). As an interim dividend of NLG 0.32 was already made payable, the final

The undersigned hereby states that payment of the final dividend of NLG 0.96 per NLG 2 share on the Resear Depositary Receipts (RDR's) issued by the undersigned will be made as from April 29, 1998 as

- upon the surrander of dividend coupon no. 14: a cash dividend of NLG 0.63 per NLG 2 share, less dividend tax at 25%; upon the surrender of dividend coupon no. 15: a cash dividend of NLG 0.33 per NLG 2 share or 1% in BDR's chargeable to the paid-in

surplus (qualifying for the 1998 dividend). end coupons may be tendered for payment or convension at the offices of the ABN AMRO Bank N.V., MeesPierson N.V., ING Bank N.V. and Kempen & Co. N.V. in Amsterdam, the Netherlands. Dividend

coupons must beer the stamp of the office through which they are

tendered. The dividend pertaining to BDR's of the CF-type will be paid via the body by whom the dividend sheet was held on April 15, 1998 in accordance with the conditions of administration. If holders of BOR's opt for the dividend of NLG 0.96 in cash, payment less dividend tax at 25% will be made upon the surrender of dividend coupons no. 14 and 15. In so far as holders of SDR's opt for the

dividend of 1% in BDR's chargeable to the peid in surplus, the surrender of dividend coupons no. 15 and relating to 100 ordinary shares will entitle the holder to receive one new BOR for one share, bearing dividend coupons numbered from 16 onwards and a talon. If any dividend coupons no. 15 are not tendered for conversion into

BDR's by June 11, 1998, the BDR's to which they relate will be sold and the nat proceeds of the sale be held at the disposal of the holders of these BDR's in proportion to their holding.

ission in accordance with the scales laid down will be paid to members of the Amsterdam Exchanges nv in connection with the conversion of dividend coupons no. 15 into new BDR's; this implies that holders will not incur commission charges upon conversion.

Stichting Administratieka van aandelen Koninklijke BolsWessanen, Amsterdam, April 16, 1998.



GUANGDONG DEVELOPMENT FUND LIMITED

Net Asset Value

Gazagdong Development Fund Limited announces that as at 31st March 1998, the unandisted net asset value per share of the Company

GUANGDONG DEVELOPMENT FUND LIMITED (a company incorporated with limited liability in the Balliswick of Jersey)

15th April, 1998

Republica Federativa do Brasil Debt Conversion Board Series L duc April 15, 2012 Otecount Bond Series Z—L dus April 15, 2624 El Series L Bonds due April 15, 2006 For the interest Period April 15, 1998 to October 15, 1988 the tollowing Rapes have been delermined with animal payable on the relevant interest payment date, October 15,

1996 as follows.
Dutt Conversion Bond Series I.
6.6975%, per amount, interest amount due
U.S. \$53,99 per U.S. \$1,000.
New Noney Series I. 6.637676 per arram, interest amount du U.S. \$33.98 per U.S. \$1,000.

Discount Band Series 2 - L 6.625% per around, breatest amount oper U.S. \$33.60 per U.S. \$1,000.

O CHASE

April 16, 1995 CREDIT LOCAL DE FRANCE FRF 750 000 000 REVERSE FLOATER BONDS DUE 2000 ISIN CODE: XS0043078954 For the period April 14, 1998

no October 14, 1998 the new rate has been fixed at 9,97367 % P.A.
Next payment date:
October 14, 1998
Coupon ur: 10 Amount: FRF 498,68 for the comination of FRF 10 000 FRF 4 986,34 for the comination of FRF 100 000 THE PRINCIPAL PAYING AGENT SOCIETE GENERALE BANK & TRUST SA-LUMEMBOUR U-13, AVENUE RAULE REUTER L-200 LUMEMBOURG



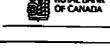
Floating Rate Notes Due January 17, 2002

in accordance with the terms and conditions of the Notes, the Interest and for the period 17th April, 1998 to 17th July, 1998 has been fixed at 5.8125% per armum. The interest physicis on 17th July, 1998 will be U.S.\$14.992708 per U.S.\$1,000 nominal.

Fiscal and ROYAL BANK OF CANADA

Capital One Master Trust

U.S. 5300.000.000



Finading Rate Class A Certificates, Series 1995-2 For the interest period 15th April, 1998 to 15th May, 1998 the Certificates will certy an interest rate of 5.76625% per annum with an amount of U.S. \$48.05 payable per U.S. \$10.000 denomination and U.S. \$48.052 per U.S. \$100.000 denomination, payable on 15th May, 1998.

7th April, 1998

UBS



Annual General Meeting of Shareholders of Securitas AR

Notification is hereby given to the shareholders of Securitas AB (publ) to attend the Annual General Meeting to be held at 4.30 p.m. Thursday, May 7, 1998, at Moderna Museet (Modern Museum), Skeppsholmen, Stockholm.

Participants will be admitted to the conference area of Moderna Museet at 3.00 p.m. and registration

Notice of attendance, etc.

Shareholders who wish to attend the Annual General Meeting must be recorded in the Share Register maintained by the Securities Register Centre (Värdepapperscentralen VPC AB) ("VPC"), not later than Monday, April 27, 1998,

notify Securitas of their intent to participate in the Meeting, not later than 4.00 p.m., Monday, May 4, 1998, by mail to: Securitas AB, P.O. Box 12307, SE-102 28 Stockholm, Sweden, or by telephone +46-8-657 74 00 or telefax +46 8 657 70 72. When giving notice the shareholder should state name, registration number (or equivalent) address and telephone number. Proxies and other powers of attorney shall be presented to the Company, well in advance of the Meeting. Receipt of notification will be confirmed by Securitas AB's forwarding of an attendance-card, which is to be presented upon entry to the Meeting.

To be entitled to participate in the Annual General Meeting, owners of shares registered in the name of a trustee must have the shares temporarily registered in their own names. Shareholders who have trustee-registered shares should request the bank or the broker holding the shares to request ownerregistration, so called voting-right registration, several banking days prior to April 27, 1998.

Agenda

Opening of the Meeting. Election of Chairman of the Meeting.

Drawing up and approval of the voting list. Election of one or two person(s) to check the minutes.

Determination whether the Meeting has been duly convened.

Presentation of the Annual Report and the Auditors' Report and the Consolidated Financial Statements and the Group Auditors' Report. Resolutions regarding

adoption of the Statement of Income and the Balance Sheet and the Consolidated Statement of Income and the Consolidated Balance Sheet, allocation of the Company's earnings as shown in the adopted Balance Sheet,

discharge of the Board of Directors and the President from liability for the Determination of the number of members and deputy members of the Board of

Directors and number of Auditors to be elected by the Meeting.

Determination of the fees to be paid to the members of the Board of Directors and the

Election of the members of the Board of Directors and Auditors.

Proposal for election of Board of Directors and Auditors

Shareholders representing more than 50 percent of all votes in the Company have declared to the Chairman of the Board that they propose re-election of the present Board members Melker Schörling. Gustaf Douglas, Thomas Berglund, Anders Frick, Berthold Lindqvist and Fredrik Palmstierna, and deputy Board member Carl Douglas. Furthermore, the above stated shareholders propose the reelection of Ohrlings Coopers & Lybrand as auditor.

Dividend and record date

The Board of Directors has decided to propose a dividend of SEK 2.75 per share. As record date for the dividend, the Board of Directors proposes Tuesday, May 12, 1998. Subject to approval by the Annual General Meeting the dividend is expected to be remitted by VPC on Tuesday, May 19, 1998.

Stockholm, April 1998 BOARD OF DIRECTORS

1£4bn moi he awkwari loger Taylor and Andr

25. Man Carlot Co. MILE TO SERVE ger in T. "i (50)

3536 (a. 6) (11.1) <u>ba</u> v −1¦o med the line of the ann ii a c 10 to 10 to

Sale Sales

iner child P.o. L.: pra€

-

Net profit

Section of the section of Comments of the second Miller 11kl I_{ФИ - 1}, . Operator Process 'u ul Politika areas ' ^[1] Vir

Edianthus Investor An Profit Reference of the state of the second the many on the state ord banks to the second section Jed Harter (1917)

See 1... SCARINA Commission of the same and the state of t Make Printer and the Alexander Printer or

Marken September 1 and 1 Mild Commence that I was See the state of t Walter Mr. Material Life Sources

Charally the species of the entering and a second s

Comment of the contract of the contract to Contain Meeting a feet for the contained and the

G KONG PROPERTY

BC to pay HK\$4bn for w back-office site

R. SERSE THE REST VERY BUILD

MARINE

MIK OF TONYO MITSUBISHI

icurities losses at Y353.5

建造的种块。

No. American School

His tribation to such

ime:Packer venture callel;

19ಕ್ಕೂ ಟಿ.ಸಿಫ್ (ಡ

. .

. . . -----

£ 288 5 5 5 5 6 6 6 क्ष्यंत्रं ... , , . .

AND THE RESERVE grande the man

...

-4----Design 1

A CONTRACTOR OF THE STATE OF TH

Market Company

and the second s

Mark Strategy and Strategy and Strategy

-<u>1855</u> - 1865 - 1865 - 1865 - 1865 - 1865 - 1865 - 1865 - 1865 - 1865 - 1865 - 1865 - 1865 - 1865 - 1865 - 1865

Agram (Mariana) Apple and the second second

gint to make the second

المتعارض والمتجار

and the second s

She god in the large

المراجع المراجع المراجع المراجع

Spirit in the second

saltheneral Meeting holders of Securities th

Report Control of the Control of the

COMPANIES & FINANCE: UK

Decaux offers unusual takeover incentive

By Andrew Edgeciife-Johnson

Decaux of France is offering to supply pagers that will tell passengers when to start were allowed to take over running for their bus, in an More. The offer applies only effort to win support for its to some London boroughs at £475m (\$793m) bid for More Group, its UK rival in the it could be extended. supply of bus shelters and advertising billboards.

Jean-François Decaux,

C-Alsthom, the heavy

engineering business created in 1989 by GEC

of the UK and Alcatel-Als-

thom of France, has for nine

years been outshope by its

more glamorous parents. Its

directors say they used to

cheer if analysts asked even

one question about the busi-

ness when GEC or Alcatel

at last to have its moment of

glory. Later this year it is to

and New York. The £2bn

(\$3.3bn) offer of just over

half the £4bn company's

equity is expected to be

Europe's largest share issue

The new company will be called simply Alsthom:

Alcatel is expected to drop

the Alsthom part of its name

Power generation equipment

is its biggest business. It has

about 11 per cent of the

world market, putting it

close to most of its leading

competitors - ABB, the

Swiss/Swedish group, Sie-

mens of Germany and Mitsu-

bishi of Japan. General Elec-

tric of the US leads the

market with a 20 per cent

Power child

Net sales (Etn)* Year and March 31

to avoid confusion.

this year.

be floated in London, Paris

But the awkward child is

gave investor briefings.

available its "revolutionary" before their bus is due, if it present, but Mr Decaux said

cils could also expect a reduction in rental fees for

the exception of GE.

The US is Alsthom's weak-

est market for power genera-

tion. This is a gap that

would have been filled by

the acquisition of Westing-

house, which the company

stalked for four years before

being outbid by Siemens.

which bought it for \$1.5bn

last year when Alsthom was .

unwilling to pay more than

\$1bn. The company is trying to build its presence in the

US, from its strong positions

in both Canada and Mexico.

expand into nuclear power, and talked to the French

government about the possi-

Framatome, the state-owned

plans were thwarted by the

which decided not to sell.

Alsthom's second largest

operation, its transport divi-

sion, is the world's second

largest builder of trains and

Adtranz, the joint venture

between ABB and Daimler-

Benz. The company has been

expanding in the US with

the aconisition of signalling

businesses. It is also inter-

share. However, Alsthom ested in acquiring signalling now added the electrical con-

argues it is more profitable and rolling-stock operations

than its competitors, with from the Italian state-owned

privatisation of

Alsthom also had plans to

A £4bn moment of power and glory for

the awkward child of glamorous parents

Roger Taylor and Andrew Edgecliffe-Johnson on the planned flotation of Alsthom

nuclear power company. Its growth in turnover of 6.8 per

election of the current and achieved sales of

French administration, Ecu9.4bn (\$10.2bn) to March

railway systems after Operating income has risen

passengers a few minutes and public convenience. Its unusual takeover tactic tising.

follows claims from Clear the US, Decaux's rival in the contest for More, that local authorities are concerned would reduce competition.

Decaux and More together local authorities yesterday, public conveniences, and street furniture market, but doesn't exist. No doubt it saying Decaux would make that Decaux would reduce just 24 per cent of the works, but who needs it?"

industrial group, Ansaldo.

in the world power trans-

mission and distribution

market. Alsthom is again

number two, with a 14 per

cent share compared to

Despite speculation to the contrary, Alsthom is expec-

ted to keep its shipbuilding

business, Chantiers de l'At-

lantique, which is being re-

organised with a plan to cut

costs by 30 per cent by the

end of the century. This is

necessary to maintain its

profitability in the face of

plans to end government

subsidy to merchant ship-

building throughout Europe.

together produced compound

cent for the past nine years,

1997. The year just finished

is again expected to show

sales growth of about 5-6 per

cent, although orders have

shown a stronger increase.

by an average 11 per cent a

year and, after financing,

reached Ecu661m in the year

To its core heavy engineer-

ing businesses. Alsthom has

tracting and control busi-

nesses of Cegelec which was

to March 1997.

These divisions have

ABB's 18 per cent.

Channel Communications of tive of More, said he was an unnecessary piece of ics. Decaux would probably tactic." He added: "The bus He added that local coun- that a Decaux takeover pager sounds like a solar- on the bus shelter." powered pencil sharpener chairman, wrote to about 100 its "superioo" automated control 90 per cent of the UK solves a problem that in the Rennes bid, and had

acquired last week for more

than Ecu500m. The company

believes that the lack of an

integrated electrical con-

tracting business has been a

dering for large contracts.

severe disadvantage in ten-

The Cegelec operations

bought by Alsthom have

substantially lower margins

than Alsthom, with pre-tax

profits of Ecu60m on sales of

Ecu3.3bn last year. But Als-

thom believes it can bring

els by early in the next cen-

The company also aims to

improve group profitability

by increasing the proportion

of higher-margin service

business - long-term con-

tracts to maintain or operate

The biggest uncertainty

for would-be investors is

over the intentions of its two

Depending on the size of

the issue, GEC and Alcatel

will be left with 42-48 per

cent of the shares in total. If

they keep them, it will effec-

tively make Alsthom bid-

proof. It they sell, the flow of

equity could depress the

It will be some time yet

influence of its parents.

biggest shareholders.

profitability up to group lev

tury.

machinery.

share price.

boards and transport adver- for the street furniture con- for the pagers, which were tract in Rennes, which More designed by a former winner Roger Parry, chief execu- won. "Rennes rejected it as of the Nobel prize for physbemused by Decaux's technology. We have looked contribute to the cost of the "remarkably exotic takeover at it but we think it is much systems as part of the terms better to put the information

a piece of technology that the pager was only an option

available its "revolutionary" "street clutter" by introduc- broader outdoor advertising. He said Decaux had how much councils or cuspager system, which alerts ing a combined bus shelter market, which includes bill- offered the pagers in its bid tomers would have to pay of future tenders, he said.

Mr Decaux, however, said ists for Clear Channel of not been fully developed at cern over the potential the time. He would not say effects of a Decaux takeover.

Mr Decaux accused lobbyspreading "misinformation" about local authority con-

of provisions

By George Graham

Lloyds TSB, the biggest UK financial services group. warned yesterday that it would have to make yet more provisions this year to cover the cost of compensating customers who were mis-sold personal pensions.

Sir Brian Pitman, chairman, said the group had already increased its pensions mis-selling provisions by £100m last year to a total of £300m (\$501m).

But more money would probably have to be set aside for non-priority cases mostly younger investors. Regulators have until now redress for priority cases: people who were sold personal pensions between 1988 and 1994, when they would have done better to remain in or join an occupational

now at or near retirement. The industry has about 640,000 priority cases under review, and 170,000 people have so far accepted compensation totalling £931m. But the Financial Services Authority last month published proposals for "phase two" of the pensions review addressing non-priority cases. The FSA estimated 1.8m investors might be cov-

ered by this review. Roman Cizdyn, life assurance analyst at Merrill Lynch, estimated companies had so far provided £4bn-£5bn for pensions mis-selling. The total cost could rise concentrated on getting to £10bn-£11bn, so many companies might still have to double their provisions.

Sir Brian said profits from Lloyds' ongoing businesses

Stronger quarter lifts Ionica shares

20 per cent to 81½p yesterbefore the child is free of the

telephone services over an rity had been installed. innovative fixed radio link, saw its shares collapse last losses of £112m for the nine year from a high of 257% p months to December. But

RESULTS

appointed chief financial officer when the setbacks Shares in Ionica rose almost were announced, said the improvement showed new day after the radio telecom- management knew what it quarter operating statistics. capacity of its base stations The company, which offers and improve network integ-

its top management and customers grew 22 per cent development costs connected bution channels refocusing. Mike Biden, over the three months.

1.5L 1.02♥ 3.85 1.89♠ 0.533 14 3.79

6 miths to Feb 28 101.67 (92.68) 0.331 (0.332) 1.65 (1.65)

Excelogs (Em)

COMMENT

Vauxhall

Burden-sharing between bosses and workers - in South Korea maybe, but hardly in the tradition of industrial relations in the UK car industry. That is all the more reason, then, to praise Nick Reilly and his fellow directors and executives at Vauxhall for leading from the front with pay cuts or freezes. In helping to underpin the company's bona fides in sensitive negotiations about revised working practices, it is plain good industrial relations.

Arguably more important, it shows a measure of sensitive ity about sharing the cost of changes accompanying globalisation. This tension is particularly acute at a time when executive remuneration is reaching ever more stratospheric levels. As an investment in improved industrial relations, it is probably a small price to pay. Others should take

UK construction

1988 was the year that plans for Britain's biggest skystraper, Canary Wharf, were unveiled. It was also the last time that the construction industry was looking this perky. Given the current interest rate outlook, construction output overall is expected to grow by nearly 3.5 per cent this year. The number masks significant discrepancies: much stronger growth of some 5 or 6 per cent in commercial construction; contraction in public housing.

The UK's construction sector has so taken to heart the lesson of the last recession that many companies have diversifed outside their home market and might not enjoy the full fruits of recovery. That said, the improved climate has sparked a mini-revival in the shares of companies such as Tarmac, Amec, and RMC, which have jumped between 20

and 45 per cent since January. The contractors may have a slight edge over some of the building products groups that are more vulnerable to competition from cheap imports. But Tarmac, for instance, still only trades on a prospective multiple of around 11 times 1998 earnings. These companies look better value than housebuilders, such as Barratt Developments and Berkeley Group, where share prices have jumped and now trade on a forward p/e of around 13.

All the construction industry now needs to complete its renaissance would be an indication of order books filling up beyond December 31 next year.

Siebe in \$147m offer for SimSci

By Andrew Edgecliffe-Johnson

controls group, is planning a as SimSci has \$46m in cash. further expansion of its con- It is making a cash tender trol systems division with a offer of \$10 per share for the \$147m bid for Simulation Sci- US company, which has net ences of the US.

The acquisition of SimSci, the purchase from existing which supplies process simulation software for the petromunications operator was doing. Software to leum, petrochemical and executive said SimSci would reported encouraging fourth enable Ionica double the related process industries, allow the group to extend its comes less than two months after Siebe's \$375m acquisition of Wonderware, which Ionica reported pre-tax develops software for automating factories.

SimSci, founded in 1967.

(45.5%) 4.64 (3.78) (1.59L) 1.99L (2.43L) (0.533%) 11 (0.6) (3.95) 12.92 (13.6) (1.21) 9.19 (6.33) (0.373) 11.151 (10.19) (12.3) 18.7 (15.6) (2.37) 13.8 (8.7) (0.882) 2.81 (5.56) (0.56) 1L (2)

Earnings shown basic. Dividence shown net. Figures in brackets are for corresponding period. After exceptional charge. VAter exceptional credit. †On increased capital.

Siebe, advised by Morgan Stanley, will effectively Siebe, the engineering and spend just \$101m on the deal, assets of \$86m, and funding

> lines of credit. Allen Yurko, Siebe's chief presence into the growing \$650m process simulation and modelling market.

Charles Harris, president and chief executive officer of SimSci, said the takeover after it reported delays with revenues per customer had reported revenues of \$61m would give customers the software and problems in risen from £71 in the third last year, but made an \$8.7m benefit of a fully integrated meeting subscriber demand. quarter to £74.33 in the loss after charging \$17.5m range of industrial automa-It responded by changing fourth, and the number of for process research and tion software, better distri-

0.57 4.66 2.25 -

SECURIDEV

Net profit for the group: + 36.2 %

SECURIDEV's Board of Directors, presided by Henri MOREL, set on April 1st, 1998 in order to examine the consolidated accounts for 1997.

Millions of FRF	1996	1997	97/96
Total sales	51.9	518.7	+ 0.7%
Operating profit	71.2	77.4	+ 8.7%
Sof sales	13.8%	14%	
voor sues Profit before tax	58.1	66.6	+ 14.8%
% of sales	11.3%	12.8%	•
no or sales Extraordinary profit/loss	(12.4)	(2.6)	DS.
Net profit before good will depreciation	• •		
and after minority interests	27.A	34,9	+ 27 A%
	5.3%	6.7% ·	
% of sales Net profit for the group	20.1	27.4	+ 36.2%
Equity (including minority interests)	445.6	462.9	
Net financial debt	144.0	106.9	

SECURIDEV specialises in locks and entry controls. The company's activity recovered in 1997, with strong sales during the second half of the year. Export sales progressed by 3.3 %, amounting to 32.6 % of consolidated sales.

Sales to professionals, which represent 61 % of company sales, increased by 1.6 %. SECURIDEV's subsidiary Rouis benefited from the restructuring efforts achieved in 1996 and 1997. Sales to the general public, progressed representing 39 % of the company's total sales.

SECURIDEV's continued efforts to rationalise its marketing and industrial activities, strengtheard the company's performance in a somewhat stagnant market. Operating profit progressed by 8.7 % and the operating margin increased from 13.8 % of total sales in 1996 to 14.9 % of total sales in Moreover, the company debt continued to decrease, thus improving pre-tax profit, which increase

Overall, in spite of the negative impact of the 15 % special tax on French companies (+ FRF 2.5m), net profit before goodwill depreciation and after minority interest increased by 27.4 %, representing a 6.7 % increase in net margin.

In 1998 prospects for SECURIDEV indicate renewed growth of the company's profit.

General meeting and dividends.

The Reard of Directors will propose to pay a FRF 3.0 net dividend, with a FRF 1.5 tax credit at the General Meeting scheduled to convene on May 20th, 1998 at 2.30 p.m.

The most significant Sydney CBD investment offered this decade.



For sale - 50% interest. Registrations of interest close 22 May 1998.

100% let as at March '98 - net income approx. \$17.25 million.

 Located in the core of Sydney's financial precinct. " Net lettable ann approximately 46, 100 squ.

d CBD office tower with flower of approximately 1, 200 -1,500 squ. Retail accade with 63 outlets. Direct access to Wynyard redway sta 3 street izonlage to George, Marganet and Jamison Streets.

\$58C Warborg Dillon Read Details: Richard Heat or Chistopher M

Knight K (61) 2 9239 2222

This announcement appears as a matter of record only. March 1998

June 3



ACOM CO., LTD.

Yen 21,000,000,000.-

Syndicated Term Loan Facility

Lead Managers Banque Paribas, Tokyo Branch Bayerische Vereinsbank AG, Tokyo Branch

> Co-lead Managers ING Bank NV, Tokyo Branch

Senior Managers Westdeutsche Landesbank, Tokyo Branch Lloyds Bank Plc., Tokyo Branch

Managers ABN AMRO Bank, Tokyo Branch Union Bank of Switzerland, Tokyo Branch Development Bank of Singapore, Tokyo Branch

> Lenders State Bank of India, Osaka Branch

Banque Paribas, Tokyo Branch

The above facility was arranged by



Fears of German rate rise hit Europe Indonesia

GOVERNMENT BONDS By Simon Davies in London and John Labate in New York

Rumours of an imminent German interest rate rise. combined with the cautious comments of the UK's monetary policy committee and a spate of pre-G7 meeting jitters, were behind a further weakening of government bond markets yesterday.

In Europe, activity was growing evidence of recovbers of monetary union points off its high for the could lead to short-term day. increases in interest rates, rates could be at a higher level than previously hoped.

Kit Juckes, bond strategist at NatWest Markets said: There are rampant rumours of a German rate rise on Fri- maturities.

day. But it is one thing to say that European growth is picking up, and another to say that with 4.5m unemployed and 1 per cent inflation, the Bundesbank is going to raise rates. All of this feels a little premature."

GERMAN BUNDS had spent much of the day in positive territory, but growing concerns over interest IAN BTPS settled 0.06 lower rates and a weak start on at 119.45 for the June con-Wall Street sent the future tract in London. downwards through the dominated by fears that afternoon, and the June contract in London settled 0.06 ery among the future mem- lower at 107.65 - 20 basis

There was a continued and that convergence flattening of the yield curve, between German and Italian as shorter maturities were hit hardest amid concerns over the potential for rate rises, and some analysts warned of some followthrough into the longer

remained weak and analysts expected continued drift. Other core European markets moved in line with Germany, although Italy and Spain marginally underperformed, with adjusted yield spreads against bunds widening by one basis point to 17 and 26 respectively, ITAL-

UK GILTS underperformed the rest of Europe, after some investors turned cautious following the publication of the minutes to the March monetary policy committee meeting. The result was another predictable four-all draw, but the doves appeared to have become a little more cautious.

Kevin Adams, gilts strategist at Barclays Capital, said: "The doves had to give up more ground than might

Nonetheless, activity have been expected, by year note was up it to 99 it. conceding that another yielding 5.624 per cent. interest rate might become necessary."

However, he said the data that had emerged since the meeting, in terms of weak wage inflation and a continuing strengthening of sterling, suggested little immediate cause for concern.

The June future was down at one stage, but settled down on the day at 109%. Volume remained extremely thin, with about 45,000 contracts traded.

US TREASURIES were mixed as the G7 met in Washington to discuss currency issues. By midday the year bond had gained & to 103. vielding 5.909 per cent. Among shorter-term issues the two-year note was

Yesterday's economic report showed that business inventories for February increased by 0.6 per cent, as expected, following a 0.1 per cent rise in January.

"Bonds at the moment are more hostage to what goes on in the currency front," said Lee Cohen, head trader of US government securities at CIBC Oppenheimer. "We've had a few massive interventions out of the blue

The G7 meeting is being closely watched by the mar ket because it may shed light on whether there will be more concerted efforts to price of the benchmark 30- prop up the value of the yen. A series of new economic reports will be issued today and Friday, including hous ing starts, unemployment unchanged at 99%, yielding claims industrial produc 5.567 per cent, while the 10tion, and the trade balance.

since Thursday."

projects at risk of default'

By Simon Davies, Capital Markets Editor

Four Indonesian independent power projects are at risk of default on \$855m of rated bonds, according to a report from Moody's Investors Service.

These would be the first significant defaults of project bonds, creating shock waves for a market which has grown to more than \$32bn of outstanding debt. Moody's is warning that

three of the projects - DSPL Finance, Paiton Energy, and CE Indonesia Funding - are in danger of default in the next year unless the government takes action to support power purchase agreements by the state-owned electric-

ity company. A fourth project, MNL Funding has postponed the start-up date for the power plant, but is considered to be merely delaying the inevitable.

Brian Cahill, senior analyst at Moody's, said: "Dramatic tariff increases in the near term are highly unlikely. Needless to say, so is a surprise appreciation of the rupiah to something like its pre-crisis level. Unless the government supports PLN [the state electricity company], then the only real option is contract renegotia-

There has never been any significant renegotiation of a

project bond. Project finance has been traditionally dominated by syndicated loans, and bankers have argued that loans offer substantial advantages for restructuring projects, since negotiations can be handled by a small group of banks, rather than an array replenish working capital. of bond investors.

NEWS DIGEST

FINEX

Contracts to be offered on Ecu/euro against dollar

Finex, the financial division of the New York Cotton Exchange, will tomorrow launch futures and options contracts on the exchange rate of the Ecu and the euro against the dollar. Contracts maturing before January will be quoted in Ecus - the basket of European currencies. Longer dated maturities will be quoted in euros, the planned single currency. Ecus will be converted to euros at a one-to-one parity immediately after January's introduction of the euro.

The creation of the euro and the resultant disappearance of the-11 founding currencies is by far the most important development in foreign exchange markets in many years," said Steven Evens, chairman of Finex. The launch, days before the official announcement of countries participating in the single currency, would provide "the best possible trading tool to manage or trade the volatility expected in the run-up to the euro", he added. Samer iskandar

CBOT

Asian real-time trading launched

The Chicago Board of Trade has launched Asian real-time tracting on its newest contracts, Dow Jones Industrial Average futures, to enable the growing band of Asian investors to trade when US exchanges are closed. Previously, Dow contracts were limited to an open-outcry trading session on the CBOT trading floor in Chicago, which meent Asian investors were restricted to trading during the US business day.

The move will allow Aslan investors to switch positions more swiftly in response to news announcements or market sensitive data, without waiting for the US to open. It comes at a time when Asian investors, who account for around 10 per cent of CBOT activity, are increasingly looking to US instruments in the wake of falling domestic markets. Louise Lucas, Hong Kong

CANADIAN DOLLAR

INTERNATIONAL BONDS

CME to list interest-rate contracts

The Chicago Mercantile Exchange is planning to list futures and options on three-month interest rates on the Canadian dollar. The contracts, to be called Euro Canada, will be based on the Landon interbank lending rates - Libor - compiled by the British Bankers Association.

The proposed products are inspired from the CME's eurodollar and euroyen contracts. The three-month eurodollar future is the world's most liquid exchange-traded derivative.

Scott Gordon, chairman, said the CME was responding to strong demand for such contracts from North American and Europeen customers. Calculating the settlement price from the BBA's Libor rates would broaden the appeal to international investors, he added. Samer iskandar

French agency in \$330m issue

INTERNATIONAL BONDS

Caisse Française de Développement, the French state-backed aid agency, breathed some life into a quiet market with its first dollar issue in three years. Proceeds from the \$330m offering, which was lead managed by Paribas and J. P. Morgan, will refinance French contributions to the International Monetary Fund.

The deal, one of the few sovereign-backed offerings out of France in recent months, was priced to yield 28 basis points over the fiveyear Treasury benchmark. This provides some pick-up to spreads on the seven-year

WORLD BOND PRICES

01/98 04/06

00-00 11-08

10 YEAR BENCHMARK SPREADS

EMERGING MARKET BONDS

A MOLE

09/27 05/07 05/08

E ARMCAMBOLE EAST 07/00 10/06 09/07

Lebason South Africa Tarkey

BENCHMARK GOVERNMENT BONDS

4.000 99.6900 6.250 108.1500

11.000 105.1990 7.250 115.5980

7.500 104.9600 5.750 108.3200

benchmarks from Denmark and Canada. "We timed this deal to come in a quiet week so we could benefit from greater investor attention." said one banker. It was trading flat to re-offer last night. Hessen, the German state,

issued its second internationally-targeted offering vesterday in a DM1bn issue. The 12-year deal, which follows a 10-year international offering last December, was designed to court a wider investor base before Emu. German Länder are confined to issuing debt in D-Marks. The bond was priced to yield 25 basis points over the 10-

An official at Goldman Sachs, joint lead with Deutsche Bank, said that 80 per cent of its book went to non-

4.92 +0.01 +0.02 -0.09 -1.58 5.57 -0.03 +0.03 -0.22 -2.38

+0.26 +0.34 -0.04 -1.45

+0.24 +0.05 +0.02 -0.03

+0.04 +0.24 +0.34 +0.01 +0.01 -0.85

7.91 -074 -011 +042 -001 689 -0.06 -007 +0.06 -1.23

+0.03 +0.05 - -0.13

-0.18 -0.49 -0.58 -0.44

-007 -1.95

+1.27 -0.35 -0.62 -0.62 -0.46 -2.61 +0.13

4 18 +0.06 +0.05 +0.16 4 96 +0.01 +0.03 +0.01

057 +002 -005 112 -062 -0.12 1.59 -003 -013 246 -0.03 -011

4 15 +0 03 4 85 -

4 70 +0.04 5.16 +0.01

4 000 99 6000 4 21 +0 06 +0 09 +0 15 -0 04 5 500 104 0000 4 94 +0 01 +0 02 -0 07 -1 22

-0.07 +0.07 +0.02

-0,04 -0.05 -0.02

-0.01 -0.03 -0.01 +0.09

9.97 10.22 9.25

97 2500 183 1250 96 2500

97.8000 99.1000 122.2500

76.5000 83.6800 85.1250 85.3800

4.750 99.7400 4.94 +0.04 +0.10 +0.01 7.250 114.1000 5.26 +0.02 +0.03 -0.09

6.000 102.4300 4.41 -0.02 +0.01 7.000 114.2800 5.08 - +0.02

3.77 +0.02

5.875 99.673R May 2005 0.30R +29(5)/sMar03) JP Morgan/Partices Caisse Franc de Deviment 99.49R May 2008 0.625R +115(514%-08) Crécil: Lyconnais 6.00 CSF8 London Branchillis M ALISTRALIAN DOLLARS SConvertible. 2 Rosting-rate note. R: fixed re-offer price; fees shown at re-offer level. a) Fungfole with DM1.50n. Plus 6 days accrued. b) DM1.50n isunched 12/02/96 increased to DM2tn. c) Callable from May 08 at per. c1) 9% to May 08, the 3-mth Libor +190bp. d) Callable after 1yr subject to 150% hundle. Convertible into bearer shares of Holderbank. Redeemed at par or Swiss Re Registered shares. 71) Ind issue price: SF10,150.00. a) Short 1st coupon.

German investors. Sweden is today expected to announce the mandate for its debut euro-denominated bond. It follows issues by Italy, Spain and a number of emerging market sovereigns in euros.

Telstra, Australia's par-

BOND FUTURES AND OPTIC

Selt orice Chappe

2.11 1.29 0.58

tially privatised telecommu-

nications group, is expected one-third of the former the eurobond market this week with a groundbreaking DM1bn 10-year issue, writes Mark Mulligan in Sydney. The security marks the

since

to make its first foray into monopoly operator. In total, the company plans to raise A\$1.5bn-A\$2br this year. The D-Mark funds will be swapped into about A\$825m and used to refinance maturing debt raised first significant debt-raising the government's from syndicated loans, and

) T	ou sane i	III IAOA6	mber or	Ю
ONS	;			Ec
				<u>= 1</u>
500,00	0		_	
High 104.28 103.81	Low 103.98 103.81	Est. vol. 6,346 2	Open let. 114,728 171	US
		٠.,		Apr
L CAS	Mary 0.02 0.07 0.30 1.01 57,271 Poin 67,	PUTS	Sep 0.45 0.79 1.28 1.91	漢 Pac NY CW () GEO Biol () ()

n Jy

Open Set price Change High
- 105.04 -0.07 - 104.80 -0.05 -Low -Est. vol Open lot.
 Open
 Sett prize
 Change
 High
 Low
 Est. vol
 Open int.

 119.60
 119.51
 -0.16
 119.60
 118.90
 55207
 130440

 119.97
 119.97
 -0.10
 119.97
 119.94
 825
 8168

 Open
 Set price
 Change
 High
 Low
 Est. vol
 Open int.

 105.06
 194.91
 -0.14
 105.09
 104.85
 114.349
 212,963

 194.77
 -0.14
 435
 5,930

MUTTOKAL SPANISH BOND FETURES (MERF)
 Open
 Sett price
 Change
 High
 Low
 Est, vol.
 Open int.

 109.40
 109.19
 -0.12
 109.45
 109.06
 58,653
 83,862

 109.04
 109.04
 109.05
 58,653
 83,862

 Open
 Set price
 Change
 High
 Low
 Est. vol.
 Open int.

 103.15
 103.72
 -0.03
 103.15
 103.08
 314
 10112

 104.47
 -0.03
 0
 0
 Sett price Change High Low 109-15 +0-02 109-18 109-05 109-47 +0.06 33159 244650 0 0

Mah's chare yid -0.16 -0.18 -0.14 +2.24 +0.90 +5.20 0-10 0-43 1-36 +0.29 +0.01 +0.06 US Ex. vol High Low 120-31 120-16 120-21 120-08 120-00 119-31 Latest 120-16 120-06 119-31 -0-07 -0-06 -0-05 Est wol. Open int. 349,250 896 424 M NOTICILAL LONG TROM JAPANESE CONT. BOND PRIVATES (LEFT) Y100m 1000m of 100% -0.06 -0.03 -0.11 Champe High Low Est vol Open let. - 138.43 130.33 808 ark 0 ark Coen.

130.36 130.26

ECR HOLD FRITINGS (MATTE ECU100.000 103.80 +0.12 s corporate bonds **FOLIAS** 7,25 AA-7,00 A+ 8,00 888 -0.05 -0.04 -0.04 March 04/99 6.25 888 100,0569 6.18 -0.03 -0.01 K Next 05/02 6.75 AM 102,4091 6.07 -0.05 +0.04 ylun Had 08/21 9.70 888+ 132,5477 6.87 -0.03 -0.03 +1.07 04/07 7.14 N/A 108.1809 5.95 -0.04 +0.04 +0.33 03/03 7.50 N/A 108.1237 5.73 -0.03 +0.04 +0.19 02/18 8.95 N/A 131.1835 6.19 -0.03 +0.02 +0.29 06/06 8.95 N/A 119.9862 5.88 -0.04 -0.02 +0.26 ## (BBE) WELE | 02/01 | 8.85 | B | 101.7500 | 0.00 | - - - |

AK S1 | 12/01 | 9.13 | 88- | 106.7500 | 0.00 | - - - |

Pecella | 02/04 | 10.75 | B- | 102.5000 | 0.00 | - - - |

- Tury year ______
- Date year _____

5.11 Five year _____

5.31 10-year

6.38 30-year

105.7700 4.93 105.2900 4.98 101.6300 5.05 100.6346 4.02 +0.04 +0.11 +0.02 +0.16 +0.05 +0.44 +0.14 --0.30 4.74 +0.06 4.81 +0.02 5.00 +0.03 01/04 02/04 9.125 02/07 7,000
02/02 6,800
08/00 8,825
03/01 5,356
12/07 7,525
12/07 7,525
03/00 7,625
02/02 7,713
03/07 7,250
06/07 7,125
01/07 7,000
02/04 5,734 4.81 4.85 4.41 AAA 111.0370 AA- 108.2453 A+ 101.2403 AA 99.9981 -0.11 +8 -0.17 +0 -0.11 +0.3 -0.11 -0.14 Cresciner Six British Gas Abbey Hat F784 ER ASIO S S SER ASIO ANNO CUERCO CIÓCATO FRIN AAA 108,4500 AA- 105,6000 A+ 164,5000 A+ 99,0000 +0.09 +0.08 +0.05 +0.20 Bayer L-Bix Toronto Bell Canada Deutsche B FFM -0.08 -0.08 -0.03 -0.03 -004 -003 +012 99 -001 - +0.18 1 -001 -0.03 +0.29 -0.01 -0.08 +0.87 +0.01 -0.03 -0.07 08/02 5.250 03/02 5.750 08/02 4.750 07/98 0.797 E HO, TH AAA 118.3215 0.99 AA 118.1500 1.01 A 113.5273 1.48 AA 100.2609 0.18

FTSE Actuaries Govt. Securities Wed Day's The Apr 15 change % Apr 14 1 Up to 5 years (US)
2 5-15 years (20)
3 Over 15 years (3)
4 bredeemables (4)
5 All stocks (47) -0.01 -0.03 -0.09 -0.12 -0.04 120.57 164.85 206.04 280.14 156.85 2.59 3.05 3.48 4.25 3.00 2.83 5 yrs 2.37 15 yrs 1.99 20 yrs 2.21 tred.† 2.80 6.04 5.72 5.70 7.31 7.67 7.71 120.56 5.73 5.71 6.05 5.84 5.84 Apr 15 Apr 14 Yr. ago 6 Up to 5 years (2) 7 Over 5 years (10) 8 All stocks (12) 202 202 280 260

1912 1922 1912 1912 1912 14 1912 1912 14 1912 1912 14 1913 1914 1914 1915 1916 · 10级 · 100 8.50 103,5 8.54 113,5 8.55 163,5 - 103,6 8.52 163,5 6.50 163,5 6.50 163,5 6.50 163,5 6.50 163,5 6.50 163,5 6.50 163,5

0-33 1-00 1-46

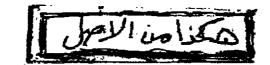
EXCHANGE CROSS RATES <u>66</u> 6 a.

There is a lister of

MOON MONEY RATES

BASE LENDING

with the Warth segment to be a



Dollar volatile ahead of G7 meeting acts to be offered on

Section 1988 The Park

uro against dollar

W-firme trading luunched

Pas tang noo ide britan

had interest rate contracts

科技商品 100000

10

MARKETS REPORT By Richard Adams

Rumours of G7 support for a stronger Japanese yen and the possibility of increased German interest rates weighed against the dollar, in sluggish trading ahead of the meeting of the leading industrial economies.

The market's focus remained firmly on the yen and the possible message coming from the G7 meeting for Japan's government over its country's weak economy. Dealers said the G7 was likely to endorse the recent actions by Japan to stimu-

late demand and prop up its currency. But one large German bank was said to have warned its customers to prepare for a rate increase by the Bundesbank. The German central bank made a large liquidity drain at its repo tender yesterday, seen

as preparation for a repo

rate increase.

Bank of Japan was checking yen prices during London of the Bank of England's trading hours, also counted against the dollar, and added to market nervousness.

on Tuesday, and yesterday with Eddie George, the ended trading in Europe Bank's governor, again only slightly weaker. The using his casting vote to dollar was Y129.8, a fall on keep rates unchanged. Y0.1 on the day in London. But sterling finished But against the D-Mark almost a pfennig lower the dollar dipped to a seven- against the D-Mark at

London the dollar closed at lar's weakness. DM1.797, two-thirds of a day's level. Sterling was dragged down against the D-Mark by the weaker dollar, to its lowest

TEAGI	tor a	шоп	tn.	umr	J
■ P(I GAUL	N NE	W Y	ORK	•
Apr 15		+	Pre	v. close -	
£ spot	1.684	0	1	.6850	
१ व्यक्ति	1.681	5	1	RE24	

early trading in London the Another rumour, that the pound had rallied above DM3.04, after the publication monetary policy committee meeting minutes for March.

1.70

slowdown.

The minutes showed The dollar stabilised in another four-all tie in memlate New York trading hours bers voting for higher rates,

week low beneath DM1.80. In DM3.028, thanks to the dolpfennig weaker than Tues- ■ Eddie George's decision where growth was coming not to raise interest rates in

March - when he had the casting vote on the MPC for the second time running - keep rates on hold last came in the face of aggressive argument from the com-

March meeting may have While the hawks could moved the strength of the point to the stronger level of argument away from the output, the doves could only hawks to the doves camp. Next week will prove a economy made it hard to tell testing time for the MPC's

Sharting Against the color (5 per 1) nomic data being published. tion in sterling." The key number is on Fri-

CURRENCIES & MONEY

another rate rise would sigfall in sterling. But the MPC possible that an immediate rise in the Bank's repo rate would be accompanied by an offsetting fall in market expectations of future interfrom and the extent of any est rates, the Committee took the view that it would

The MPC also decided to	
keep rates on hold last	OTHER CURRENCIES
month, and the weaker set of	Apr 15 £ 5
economic data since the	Czech Rp 56.1595 - 56.2603 23.3390 - 33.3790 Huneny 353,711 - 354,006 209,860 - 216,030
March meeting may have moved the strength of the	tree 5055.50 - 5053.50 3000.00 - 3000.00
argument away from the	Namet 0.5736 - 0.5144 0.3049 - 0.3052 Pers 4.7452 - 4.7523 2.8170 - 2.8185
hawks to the doves camp.	Paland 5.7138 - 5.7273 3.3920 - 3.3950
Next week will prove a	Rusia 10.3445 - 10.3523 E.1410 - 6.1420
tecting time for the MDC's	UAE. 6.1870 - 6.1906 3.6729 - 3.5730

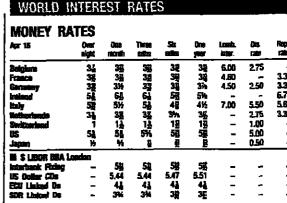
decision, and sterling trad- be more likely than not to ers, with a series of eco- prompt a further apprecia-

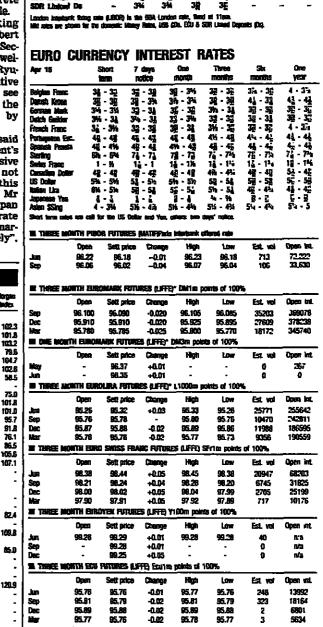
day, April 24, when the first Hikaru Matsunaga, the estimate of first quarter GDP Japanese finance minister, is released. Another quarter said the US welcomed of above trend growth will Japan's recent economic wake up the inflation bears once more.

Many analysts think package – but said it had wanted to see concrete details as soon as possible.

Mr Matsunaga, talking nal a peak, and provoke a after meeting with Robert Rubin, the US Treasury Secminutes noted: "While it is retary, said: "Mr Rubin welcomes Prime Minister Ryutaro] Hashimoto's initiative but he said he wants to see the quick decision on the details of the package by Japan."

Mr Matsunaga also said "The Japanese government's position is that the excessive yen depreciation is not favourable, and that this position is shared by Mr Rubin." The US and Japan will continue to co-operate in the foreign exchange market and "act appropriately",





BEROLIEA OPTIONS (LIFFE) 1.1000et points of 100% Dec 0.67 0.03

POUND SPOT FORWARD AGAINST THE POUND *j*pr 15 21.6317 21.2532 21.2228 19 22.5730 82.3850 82.3145 18 11.6789 11.6241 11.513 3.6 12.460 81.770 91.622 19 10.2136 10.1319 10.1204 3.9 3.9470 3.0219 3.018 19 524.225 524.601 528.45 -4,9 1.2055 11.992 12.003 1.0 5312.35 528.427 2983.41 19 5312.35 528.427 2983.41 19 5312.35 528.427 2983.41 19 5312.35 508.567 3895 4.0 12.7068 12.5504 12.5564 35 312.135 308.567 308.534 2.9 258.680 258.600 256.477 2.8 13.1583 13.0455 11.032 3.0 2.5236 258.600 256.477 2.8 13.1583 13.0455 11.032 3.0 -0.0792 928 - 125 -0.2341 885 - 405 -0.0418 429 - 831 -0.0362 842 - 003 -0.0348 494 - 577 -0.0113 255 - 222 -1.703 053 - 935 -0.025 673 - 935 -0.225 673 - 935 -0.0128 054 - 105 -0.0029 167 - 286 -1.147 971 - 174 -0.0384 576 - 737 -0.0012 107 - 138 21.1033 2.7 20.5104 51.943 2.7 80.5005 11.4494 3.4 11.2156 4.057 3.8 4.8695 10.0594 15 9.2221 2.9595 3.7 2.9293 5124 -4.6 548.115 1.1574 1.3 1.1764 2.961,5 22 2918.12 51.953 3.7 50.5005 3.977.53 3.1 12.279 12.5184 3.8 12.279 12.5184 3.8 12.279 12.5185 3.0 20.251 2.5185 3.0 20.251 2.5185 3.0 20.251 2.5185 3.0 20.251 2.5185 3.0 20.251 2.5185 3.0 20.251 2.5185 5.9 2.2783 +0.0001 842 - 853 +0.0006 206 - 221 +0.0002 223 - 245 -0.0316 694 - 853 - 845 - 855 1.6785 - - - 1.9133 - - - 2.4041 2.4181 2.7 14.2387 14.4246 -12.3 1.6785 1.8825 1.8 96.8

12.5425 -0.0474 403 - 446
37.1000 -0.14 850 - 050
6.8334 -0.0249 534 - 544
5.4354 -0.0246 522 - 265
6.0259 -0.0266 722 - 265
1.7971 -0.0867 957 - 972
1.4027 +0.0047 077 - 237
1779.25 -3.75 900 - 950
2.0237 -0.0197 234 - 239
7.4810 -0.022 865 - 259
7.4810 -0.055 950 - 180
192.565 -0.865 530 - 580
7.7541 -0.023 516 - 586
7.7541 -0.0007 955 - 915
1.8550 -0.0007 955 - 915
1.8550 -0.0007 955 - 915
1.8550 -0.0007 955 - 915
1.8550 -0.0007 905 - 916
0.742348 -0.0007 905 - 916 29 12.4155 18 102.3
1.9 36.45 1.3 101.8
1.7 67501 1.5 103.2
2.0 5.355 1.8 79.5
2.8 5.9168 1.3 104.7
2.0 1.7546 1.3 102.6
6.4 229.975 -5.3 34.5
0.4 1.4112 -0.6 0.5 1757.55 1.2 75.0
1.9 36.445 1.8 101.8
2.1 1.956 1.3 101.0
1.6 7.956 1.3 101.0
1.6 7.956 1.3 101.0
1.7 7.956 1.3 55.7
1.3 181.17 1.6 91.8
1.1 7.8741 1.0 86.5
4.2 1.4327 3.9 105.6
1.1 7.8501 1.5 105.6
1.4 1.1178 -1.5 1.4 1.1178 -1.5 -12,7090 \$7,2500 6,5852 5,4628 8,0957 1,6002 374,670 1786,50 17,2600 2,0045 17,5355 185,050 153,430 7,7989 1,4989 1,4989 12.6199 37.03/28 5.4458 8.0152 1.7938 314.09 1.4019 1779.15 37.9373 2.02 7.4802 7.4802 152.44 7.7464 1.4855 1.6825 12.5789 36.922 6.824 5.42% 6.9354 5.9354 1.8012 1777.22 2.0132 2.0132 7.4617 183.548 152.085 7.7324 1.4753 1.6777 6.0190 1.7950 312.149 1.3970 1775.40 37.0600 2.0214 7.4856 184.010 152.490 7.7486 1.4874 1.5785 1.0965 0.9998 1.1402 1.4314 8.4700 • 998 - 999 +0.0004 403 • 404 +0.0048 380 - 385 -0.019 710 - 760 0.9999 1.1405 1.4385 8.4760 1.4372 Menden USA Pacific/Middli Australia Hong Kong India Jupan Mari Zoaland Palippions Sould Arabia Singapore Sould Arabia Singapore Sould Arabia Singapore Sould Arabia 1.5385 -0.0059 373 - 396 7.7497 +0.0002 462 - 552 38,7050 +0.0027 207 - 309 129,330 -0.1 300 - 360 1,29,330 -0.1 300 - 360 1,644 -0.0059 122 - 152 38,1500 -0.07 500 - 500 1,544 -0.0059 172 - 152 38,1500 -0.075 500 - 500 1,590 +0.005 970 - 990 1,590 +0.005 970 - 990 1,590 +0.005 970 - 990 1,590 +0.005 970 - 990 1,590 +0.005 970 - 990 1,590 +0.005 970 - 990 1,590 +0.005 970 - 990 1,590 +0.005 970 - 990 1,590 +0.005 970 - 990 1,5377 0.5 1,5351 0.9 1,5244 7,7497 0.0 7,7642 -0.7 7,931

														The gar	-	printed in	مر خلا کا	
									·									
CROS	S RA	TES A	ND DE	RIVA	TVE	S										_		
XCHAI	NGE	CROSS	RATE	-\$														
Ąr	15	新	DK)	FFr	DM	腔	L	Ħ	PEG:	Б	Pta	SEC	SFr	£	C\$	- 5	Y	Bos
eigkun	(BFr)	100	18.47	16.24	4.844	1.922		5.455	20.19	496.3	411.2	20.90	4.019	1.500	3.877	2.695	348.6	2.449
lenmark Tance	(DKr) (FFr)	54,13 61,57	10 11.37	8.793 10	2.622 2.982	1.040 1.183		2.953 3.358	10.93 12.43	268.7 305.6	222.6 253.2	11.31 12.87	2.176 2.474	0.966 0.985	2.099 2.387	1.459 1.680	188.7 214.6	1,326 1,508
	(DNÚ)	20,65	3.814	3.353	1 .	0.397	990.1	1.126	4.169	102.5	84.90	4,315	0.830	0.330	0.800	0.556	71,97	0.506
etend _	(E)	52 <u>.</u> 04 2.085	9.613 0.385	8.453 0.339	2.521 0.101	0.040	2496 100	2.839 0.114	10,51 0,421	258.3 10.35	214.0 . 8.575	10.88 0.436	2.091 0.084	0.832 0.033	2,018 0.081	1,403 0,056	181.4 7.269	1.274 0.051
aly Exheriands	E)	18,33	3.387	2,978	0.101	0.352			3,702	90.99	75.39	3.832	0.737	0.293	0.711	0.494	63.91	6.449
Driviely	(PEKC)	49.53	9.149	8.044	2.399	0.952	. 2010		10	245.8	203.7	10.35	1.990	0.792	1.920	1.335	172.6	1.213
ortugai caio	(Es) (Ps)	20.15 24.32	3.722 4.492	3.272 3.950	0.976 1.178	0.387			4,068 4,910	100 120.7	82.85 100	4.211 5.002	0.810 0.977	0.322 0.389	0.781 0.943	0.543 0.655	70.23 84.77	0.493 0.595
Medeu Mann	(2)(1) (3.67)	47.85	8.838	7.771	2317	0.919	2295	2,610	9.661	237.5	196.8	10	1,923	0.765	1.855	1.290	166.8	1,172
मोरकां का चे	(SFI)	24.88	4.597	4.D42	1.205	0.477			5.024	123.5	102.3 257.1	5.201 13.07	1 2512	0.398 1	0.965 2.424	0.571	217.9	0.609 1.531
K anada	(C)	62.51 25.79	11.55 4.785	10.15 4.190	3.028 1.249	1,201		3.418 1.407	12.62 5.208	310.3 128.0	106.1	5.391	1,037	0.413	2A2A 1	1.595 0.695	89.92	1.632
SA.	(C)	37.10	6.853	6.026	1.797	0.713	1779	2.024	7.491	184.1	152.6	7.754	1.491	0.593	1.438	1	129.3	0.908
ipen	m	28,69	5.299	4.659	1.389	0.551		1.565 2.228	5,792 8,246	14 <u>2.4</u> 202.7	118.0 167.9	5.996 8.536	1.153 1.641	0.459 0.653	1.112 1.583	0.773 1.101	100 142.4	0.702 1
<u></u>		40.84	7.544	6.633	1,978	0.785					101.3	0.230	1.041	0.800	1.303	1.101	1767	
		, Horseyler Rose			per 10; Bui	giga. Franc	, Yea, Broad	A, Lieu and Pin	961 967 1970. Ali 100	DAMPES	VEN GITTE	est man	Yen 12.5m	ner Ven 1	ine			
D-STANK 1		GAMA DM 125		High		OW	Bet vol	Open let.	_ ==		Open	intest	Cheece	High			Ball voi	Open Int.
m	Open 0.5589	, Ladest 0.5580	Chestry 0 +0.0011			5555	41.597	83.067	.See		0.7786	0.7798	+0.0010				28.750	86.203
" D	0.5596	0.5597	+8.0002			5583	158	2,723	Sep		0.7889	0.7906	+0.0017	0,791		888	168	1,763
Ċ	-	0.5620	-	-		-	49	73	Dec		-	0.7990	-			-	12	2259
SATISS FR	ANC FET	upes (ming s	A 125,000	per SFr		_			■ SI		FUICEES (MM) 582,	500 per £	•				
	0,6746	0,6761	+0.0012			5724	29,491	61,886	,bn		1.5798	1.6798	-0.0002 -0.0010			720 700	15,887 111	43,765 701
e P	=	0.8820 0.8885	+0.0002		11 W	6805 	42 1	1,270 17	Sep Dec		1.6700	1.5720 1.5650	-0.0014			650	2	37
			TEO			-		•					IDDE	uov i	****	RAT	-	
UK IN	TER	ST RA	155						EM		JROPE		URRE		INIT			. RL.
auna	NI REC	NEV D	ATEC		•				Apr 1	5	Ecu ce notes		Rede Inst Ecu	Change oz dzy		- tram - rate	% spread v weakes	
		DNEY R		· One		bree	Skr	Ces	Greec		357.0		343,941	-0.97	5 -	1.66	3.96	24
¥ 15		Over- plakt	7 deps agrice	mon		mine Sijis	monifie	year	محاوي	d	0.7962	44 0.	784793	-0.90017	2 -	1.45	1.63	10
wheat Stari	<u> </u>	8 - 636	71 - 71	7% -	7% 7%	- 7%	7% - 7%	74 - 7%	- Spain Krity		168.2 1957.		168.098 1957.43	-0.03		1.07 1.01	0.23 0.16	1
ging (Ds	-,	9 - 822		77.	7% 73	- 72	74 - 72	72 - 73	Fjelm	d	6.011	න (B.Ø1085	-0.0038	3 4	101	0.16	ō
estry Bills		-	-	7% -		- 74	73 - 74	-	Perfe		202.6		202.812 2 <i>72</i> 923	-0.06 -0.0015		1.06 1.06	0.10 0.10	0
ni, filiki sal sadioofi y		71 - 7	78 - 7	7 <u>4</u> - 7 <u>4</u> -		- 7¥ - 7\$	/ 14	7% - 73	Helbe Franc		2.227 6.631		2.22923 8.63613	-0.0028		108	0.09	-0 -1
count Marie		74 - 7	74 - 74			•			· Dynam	ek .	7.542	57	54854	-0.0037		108	6.08	-1
		- e 7	.	ton the	6 1997				Applet German	•	13.91 1.977		13.9264 1.97952	-0.00 0		1.10 1.11	0.05 0.05	-1 -1
cleasing bin	AK 0256 I	ending rate 74	apercena Total		u, 1202	3-8	6-9	9-12	طونبج		40.78		SD.8477	-0.01		L16	0.00	-1
			month.	1000		opf4	months	nose	- 1474									
ents of Tax	dep. 65	100,600	4	6.5	5	6,5	6.25	6.25			0.8536			+0.00183		125	0.40	-
ris of Tax day	a. mader ST	00,000 is 4pc. (Coposite with	deno ler	cash Zpc.	Charges	ے دے منطا	y Hier 31.	En da for Esc		ود این که این منسون محسون			10 pp is des 10 pp is des 10 pp is des			i. Promisigo Ordis file par	ده موده: مختصا
e. Writer Cale 98. Agreed cal	es jût beste et ûtêspan	t on Apr 8, 730 d Apr 26, 1998	a May 25,	1990, 5	no II 8.79	ps. America		period Feb	6	n idage	-	det 101 fc	(300 (300) 1 (31 (310)	or a torres	, mi 2 6 s	از مضد	reited prices on Bills, 1954	
1996 to Mar	31, 1998,	d Apr 25, 1998 Schoole & &	7.55 tpt. F		- CHIO 14	. OPC 10	an April 18		jaked E		i marine i iy 3	s. Other co		NA Admin	در والحدة: اختضادة الد	d by the F	harde Thes	
			92 (1939 93	9500.000	l points o	100%			≥ P 2	LADEL	** 注 :::	OPTIONS	£31,250 (c	ents per p	ound)			
THE REAL PROPERTY.	COCH COCH	Sett price	Chande Chaude	High		D#	Est. Vol	Open int.	Strike				فلا			-	ITS —	
n.	92.52	92.54	+0.01	92.5		52	10435	167245	Price	. `	May	_	59 ôn '	.u. 292 .	(1.99) (1.99)		kan .34	Jul 234
u. 57	92.67	92.70	+0.02	92.7		£65	9778 8583	107290 142298	1,576 1,690	-	211 1.54	2	-	<u> 252</u> . 251	1.42		.34 .21	234 279
Ċ	92.83	92.86 93.07	+0.01 +0.02	92.87 93.00		<u>.83</u>	8563 3973	85080	1,690		1.09	1.	66	2.08	1,99	2	73	3.25
B B	93.04 93.22	93.26	+0.02	93.2	93	22	3074	78710	Provide	e depty w	L Calls at P	W 18. A	in quije des	n ini., Çaliş	oria Proto de	ŧ		
Indel en /	APT. All Q	per interest To		T					F P4		ᄣᄩ	WKE 1	PTIONS DA	62.501 de				
				·	J 100K								I È		<u></u>		775	

725 725

7.25 Bank, 7.25

0.07 0.16 0.34

Price 0.550 0.555 0.91 -0.02 -0.02 -0.02 94.26 94.24 94.15 65,594 477,179 106,834 406,835 105,149 321,443 # US TREASURY BILL FUTURES (MM) \$1m per 100% 0.140 0.000 0.005 0.185 9.845 0.005 0 0.005 0.045 0.265 0.510 0.050 0.190 0.56 0.76

Financial Times Surveys

Pension Fund Investment

Thursday May 14

For more information, please contact: Alan Cunningham

Tel: +44 171 873 3206 Fax: +44 171 873 4296 or email: alan.cunningham@FT.com

FINANCIAL TIMES

No FT, no comment.

NOTICE TO HOLDERS OF IDRS **ISSUED BY J.P. MORGAN**

Morgan Guaranty Trust Company of New York, Brussels Branch, gives notice of the termination of its International Depositary Receipt (IDR) issuing and paying agent services in Belgium, in accordance with the Terms and Conditions of the programmes.

For programmes listed on the Brussels Stock Exchange, the effective termination date is June 25, 1998.

For all other programmes the effective termination date is

July 16, 1998. Morgan Guaranty Trust Company of New York

35 Avenue des Arts 1040 Brussels

NOTICE TO HOLDERS OF IDRS ISSUED BY J.P. MORGAN

Sogès-Fiducem, Belgian Overseas Issuing Corporation (BOIC) and Belgian Overseas Agencies Limited (BOA), fully owned legal entities of Bank Brussels Lambert, an-nounce that they will continue the servicing of International Depository Receipt (IDR) activity terminated by Morgan Guaranty Trust Company of New York, subject to regulatory approval and issuers' agreement.

From Morgan Guaranty Trust Company of New York's Programmes' termination date onwards, investors will have the opportunity to receive a new Sogès-Fiducent/BOIC/BOA IDR certificate upon remittance of Morgan Guaranty Trust Company of New York IDR certificate. Sogès-Fiducent BOIC/BOA will perform this operation at no cost to the

Sogès-Fiducem/BOIC/BOA will publish in due course, the list of programmes continued, as well as all relevant information related to the exchange of the IDR certificates.

Sogès-Fiducem/BOIC/BOA Bank Brussels Lambert 1000 Bruxelies



Financial Times Surveys

Accountancy

Friday May 8

For further information, please contact: Mark Cunnington

Tel: +44 171 873 3761 Fax: +44 171 873 3062 email: mark.cunnington@FT.com

FINANCIAL TIMES

By Kenneth Gooding

and Paul Solman

24

Palladium and copper vied for attention in the metals markets yesterday. Palladium's price reached its highest ever level - \$351.50 a troy trading before dropping after officials suggested exports of

Exchange there was a scramble for copper after the exchange reported a drop of metal in its authorised warehouses. The exchange's copper stocks have fallen by nearly 17 per cent, or 63,450 tonnes, to 315,050 tonnes ounce - in early European since the beginning of

The tightness of copper the metal from Russia, the supply caused a small prebiggest producer, might start mium for metal for immediate delivery to develop. The

delivery in three months.

were attracted back to the market, which helped to lift the price. By the LME close the three-month copper price had risen 3.2 per cent from Tuesday's close, to \$1,861 a

Robin Bhar, analyst at the Pechiney group of months of 1997. France, said technical charts

8,525 tonnes in stocks of the and investment fund buyers advance on the present price.

Meanwhile, palladium reached an all-time high because of worries that this year might see a repeat of above the price of gold, the bureaucratic bungling which prevented any of the metal being exported from Brandeis (Brokers), part of Russia during the first six The price dropped after

premium was \$2 a tonne indicated copper could rise news that Sergei Kiriyenko, compared with copper for to \$2,050-\$2,100 a tonne. But Russia's acting prime minisit was possible that producer ter, had signed a govern-Traders said speculative selling might stop any ment order setting out 1998 export quotas for platinum and palladium.

When the London bullion market closed, palladium was \$311.50 an ounce, still which closed in London at \$307.50 an ounce.

Mr Kiriyenko later confirmed that "all the necessary decisions" had been made to allow palladium

he would not comment on him." the timing or volume of exports. At Almazjuvelirexport, Russia's sole platinum and palladium export organisation, Sergei Gorny, deputy director, warned: "I do not exclude the possibility of

One London trader pointed out that, although Mr Kiriyenko had agreed to exports, "he can't sign anything until price could spike again if

Panama banana output

bureaucratic delays."

World oil prices rose ahead of the expiry of the May futures contract in London. Dealers said trading

International Petroleum Exchange, Brent blend for May delivery stood at \$13.82 a barrel compared with Wednesday's close of \$13.45. The June contract was \$14.28 he is prime minister so the compared with Wednesday's

when banana prices are at

their highest because of the

lack of other fruits in the

He said if the strike lasted

much longer, it could affect

The workers' main griev-

ance has been the fate of

employees at the Pacific

coast port of Puerto

Armuelles. The company

wants to end shipments

hananas to an Atlantic port

for easier access to main US

there and instead send

exports into 1999.

marketplace, said Mr Espino.

exports to begin again, but another vote goes against

In late trading on the

London silver market eases

By Kenneth Gooding. Mining Correspond

London's silver market has begun returning to normal after the upheavals caused by Warren Buffett, the US investor, whose Berkshire Hathaway group bought nearly 130m troy ounces (4.043 tonnes) of the metal equivalent to about 16 per cent of global consumption for delivery in London.

The volume of silver cleared each day dropped by 22 per cent from the high February level to 272.1m ounces, while the daily value fell by 29 per cent to \$1.7bn. according to the London Bullion Market Association

The daily average of transfers - 581 against 690 in February - was also much lower than in recent months.

After Mr Buffett's announcement, the LBMA extended the time allowed for delivery of physical silver from five to 15 days. This emergency measure is still in place, though it is assumed that Berkshire Hathaway has taken delivery of all its silver.

and European markets. Panama exported 33.8m Meanwhile, the gold marboxes of bananas in 1997, ket was "fairly quiet" in March the LBMA suggests with two-thirds going to The daily volume of gold cleared in London, the international settlement centre for gold bullion, was 4 per cent ahead of the February total at 38.5m ounces, but well below the record 43.7m ounces cleared every day in December. The daily value rose last month by 3.6 per

> "Physical demand [for gold was weak flast month). there was substantial selling in the far east and there was continuing concern about possible central bank sales giving rise to continued fund short selling," said Chris Els-

cent from the February

level, to \$11.4bn. That com

Figures back gold rebound

The first statistical evidence of a change in sentiment towards gold that has helped the price rebound from an 18!1-year low of \$276 a troy ounce in January to \$307 has emerged from the New York Commodity Exchange

Investors and speculators on Comex now have net long (or buy) futures and options positions of 1.4m troy ounces compared with net short (or sell) positions of 3.6m ounces to be within this range on March 23, according to in the short to medium the latest Commitments of

Traders report. Six months ago, the last time net investor-speculator be curbed by rumours of changing. sales by the Venezuelan central bank and then an he says there should be a announcement that Switzer-sharp improvement in the land might sell some of its supply-demand fundamen-

"official" gold. Commodities Report yester- share positions. day. Macquarie Equities, part of the Australian banklong positions are mainover the next few weeks, ply of gold from mines is then the outlook for the stagnating

tained (and possibly increase) will improve signif-

icantiv. Kamal Naqvi, Macquarie precious metals analyst, warned that gold was likely to be volatile over coming

weeks. "However." he said. "with strong support for gold in the low \$300s and resistance at \$315 an ounce thecause of expectations of Australian producer selling at this level] we expect most trade term.

Graham Birch, of Mercury Asset Management's World Mining Trust, is among positions were long, gold ral- those investment managers lied to \$330 an ounce, only to who sense sentiment is

In a letter to shareholders tals for gold this year, so the Making these points in its trust is rebuilding its gold

Mr Birch points out that gold demand remains high, ing group, said: "As a one-off in spite of the Asian finanoccurence, as in October, the cial crisis, and, while net result means little for the central bank gold sales will market. However, if these probably continue, forward sales by producers should slow from now on and sup-

E GOLD COMEX (100 Tray 02.; S/bray 02.)



hit by strike disruption such as cutting ripe fruit. in Panama City However, Rodolfo Espino,

Banana production in Panama is set to be seriously disrupted this year by a strike which has already cost \$13m in lost exports. About 4,000 employees at the Chiriqui Land Company, a subsidiary of Chiquita Brands of the US, stopped

strike is at the company's Armuelles division, which produces about half of Chiquita's annual production in Panama of about 20m boxes. The company has been allowed to contract labour to carry out minimum tasks on

the Armuelles plantations.

prices have dropped from after bad weather over the season than we realised,

Easter period the forecast is

Although hopes are high

crop, which could fall short

of the 5.27m tonnes forecast

ment last month. A record

5.86m tonnes was forecast in

And amid expectations of Niño has been kind to us,"

the US are bigger producers for peanut production,

of peanuts, but much of El Niño has damped the

their crops go to satisfy prospects for the sunflower

damaged by drought, which by the Agriculture Depart-

\$1,000 a tonne last year to

Acevedo. India, China and

Last year's crop was badly

tonnes, about one-third of

expected levels. "So far, El January.

internal demand.

harvesting, said Jorge Acev- cut production to 280,000

about \$750 a tonne, said Mr still provisional.

work on February 19. The

Banana Commission, said that after such a long time with no work on the plantations, it would be "almost like beginning again from zero" when the strike ended.

Chiquita said the stoppage

director of the Panamanian

was a "serious interruption" but would not speculate on the effects until it ended. It has obtained fruit from other Latin American sources to make up for lost production. 80m boxes of bananas each year from its own plantations worldwide, and mar-

Chiquita produces about kets 100m-150m boxes.

The strike has also hit

said Christopher McMaster,

director of agricultural

investment company Agri-

tech Inversora. "The seeds

Argentina set for lead in peanut exports "There was a lot more through waterlogged fields. a good Argentine crop, said Mr Acevedo. However, damage during the flowering Despite the sunflower

problems. Argentina is still

on track for a record overall

have both started very well,

said Mr McMaster. Argentina's peanut grow

JOTTER PAD

looked good, but they are light and won't yield much ing areas expanded to 407,000 ha this year from Argentina is the world's 329,000 ha in 1997, the Agribiggest exporter of sunculture Department said. have found it impossible to main buyers of Argentine reach the battered crop ton. LBMA chief executive.

pares with the record \$13.6bn in October last year. Philips Harriston. The in a Transition of the party of

مسترجين ليمي والاثاثية لعواق

必他 SUPPLIESTED:

iyet

÷

COMMODITIES PRICES

LONDON METAL EXCHANGE IEM. 99.7 PUBLITY & per tonne

BASE METALS

Close	1437.5-38.5	1465-66
Previous	1428 5-29.5	1456-57
High/fore		1468/1452
AM Official	1437-38	1465.5-67.0
Kerti close		1462-63
Open ent.	259,538	
Total daily burnover	106.261	
M VERNINIM VITO	(S per toone)	
Close	1265-90	1317-19
Previous	1280-85	1310-15
High/low		1321/1310
AM Official	1290-95	1321-22
Kerto clase		1315-16
Open int.	5,861	
Total stally tumover	1,703	
## LEAD (\$ per tonne)		
Clase	578-79	585 5-86 0
Previous	579-80	585-6
High/ow		585/578
AM CIRCLE	573-74	581.5-2.5
Kerb close		581-82
Opes int.	35.285	
Total daily turnover	13,494	
ME RICKEL (S per kono.	e)	
Clase	5480-90	5575-80
Previous	5425-25	5520-25
High low	Auf n. Pri	5590:5510
AM Official	5470-75	5565-70
Kerb close		5510-20
Open Int.	51,168	
Total daily beroover	17,984	
ON THE (S per mone)		
Clase	5635-45	5595-600
Previous	5650-G0	5610-15
High flow		5620/5440
ANI OSTORI	5650-70	5600-20
Kenti chose		5600-10
Open int.	16.490	
Tutal daily turnover	4.206	
ZNC, special high	dange (2 bet gour	TC)
Close	11175-125	1135-36
Previous	1118-19	1141-42
High few		1142/1119
AM Cifical	1115-15-5	1133 5-40 0
Neth close Open int	77,870	1122-23
Total daily turnover	18.094	
Mr COPPER, grade A (
Case		
Previous	1876-78 1804-05	1871-77 1814-15
Hob/low	100A-03	1675-1792
AM Official	1855-56	1850-51
kerb close	-V-A-1	1802-03

	Sett	Day's				Open
	price	والمنجن	High	Law	Yel	ior.
Apr .	65 SB	•J 85	65 59	84.36	124	924
idey .	85.65	+185	86 30	61.80	8,790	22,963
عدل	85.55	+3 60	85 SO	84 40	66	2514
,144	B5.50	+345	86.30	62.00	2,465	13,429
leg -	85.30	+3 00	85 N	84 00	8	1.571
tup.	54 SO	+2 50	85.50	34 10	153	5431
أطأت					13,325	66,970
					•	•
PRF	CIOU	SM	FTAI	S		

160 471 122,315

Seek 16942 3 color, 1,6770 8 color, 1,6699 9 auto, 1,6642

IN LINE AM Official E/S rate: 1,6823 LINE Clocking E/S rate: 1,6860

(Prices supplied by it M Ruthschild) THE STREET

Laco Lda Masa Gold Landing States (its USS) Silver Fix Spot 3 months US cts equ 624.00 623.20 371.35 6 months 1 year \$ price 307-310

Aragenzaki Maple Leaf

KYMEX (42,000 US galls.; c/US galls.) 51.70 +165 51.90 49.90 18.013 41.370 52.60 +1.50 53.00 51.05 63.90 35.485 53.75 +1.30 53.40 51.90 27.99 13.288 53.40 +1.08 53.90 52.25 742 10.210 -0.07 S2.0S S1.8C 51,80 612 11,132 50,90 273 3,988

Precious Metals continued **GRAINS AND OIL SEEDS** WHEAT LIFTE (100 townes; £ per townes 307.1 -0.8 308.0 307.3 12 413 309.0 -1.0 310.7 308.1 22,675 1008 311.2 -1.0 312.1 310.8 763 8,155 313.2 -1.0 316.0 316.0 249 4,669 315.2 -1.0 316.0 314.8 117 16,421 317.0 -1.0 - 21 8,349 12 413 May 2,675 100k Jul 763 8,156 Sup 249 4,869 Nov 117 16,421 Jun 21 8,349 Tetal

Argentina could become the

world's biggest exporter of

peanuts this year because of

rains brought by the El Niño

Exports could reach more

than 400,000 tonnes, out of a

total crop of 600,000-800,000

tonnes, if the weather holds

during the next few weeks of

edo, president of the Argen-

tine Peanut Chamber.

24,377 182,619

4269 -122 430.0 429.5 12 249 4179 -112 428.0 415.0 2.443 13.375 410.9 -12.2 414.0 410.0 27 535 406.9 -12.2 418.0 413.0 - 43

279.10 -7.95 285.80 276 50 776 4.410 265.10 -3.95 267 00 262.00 125 1,020 258 10 -3.95 255.00 255.00 - 3 801 5,483

CHANGE TRUE LOW VIS ME
40 42 15.60 15.02 43.839 78.337
50 40 15.95 15.40 37.76E 103k
40.39 16.24 15.76 9.76T 47.725
40.38 16.52 16.05 4.772 73.23
40.33 16.59 16.30 1.400 24.650
650 16.50 550 17.645
111,385.477,108

1355 1332 13,594 27,551 1430 13,53 23,895 53,616 1462 1419 6,782 24,506 1496 1453 1991 18,445 1510 1483 991 13,607 1548 1504 676 9,109

MEATING OIL MYNEX (Q.000 US gails, cUS gails)

14090 +125 14050 13625 1398 9552 14025 +075 14030 14125 698 10;52

9 200 +0 140 9 200 9 150 50 2,045 9 900 +0 190 9 000 9 000 700 19,780

A NATURAL GAS PE 1 JOC Design place per Design

-1 25 146.00 143.75 1 448 12.715

E BAS OIL PE (Stooner

PAULADIGM HYMEX (100 Tray oz., S'tray oz.)

T CRUDE OIL, NYMEX (1,000 barrels, S/same)

ENERGY

weather phenomenon.

SOFTS III COCOA LIFFE (10 tomore: Storme) 74.00 +0.75 74.00 73.40 128 1.588 76.00 +0.75 76.00 75.45 125 1.825 75.00 +0.75 76.00 76.75 125 1.70 77.00 +0.75 77.00 76.75 34 2.950 79.00 +0.75 78.90 78.75 20 533 306.25 +4.50 306.25 301.50 5.206 32.272
318.00 +2.50 317.00 312.25 13.666 55.116
326.00 +3.00 326.75 320.50 1,021 6.594
339.25 +2.75 341.00 3550 2,301 15.694
339.00 +2.00 351.00 348.50 44 2.018
355.00 +1.00 — 40 74 1549 1588 1593 1629 1663 1683 MAJZE CST 6,000 to mic cards 55b hostel) 251.00 +4.50 254.00 246.25 30.338 94.533 259.25 +5.00 261.25 254.25 17.231 120,760 256.00 +5.50 287.50 256.75 13.437 103,027 279.00 +5.50 287.00 265.75 13.437 103,027 279.00 +5.50 287.00 252.75 816 8,099 283.00 +5.00 284.00 282.00 17 637 64,602 387,685 Na COFFEE LIFFE (5 tonnes; \$70000) BARLEY LIFFE (100 lounes, £ per longe) E COFFEE C' CSCE (37,500ths; conts/fbs) 539 50 +925 642.00 630 50 17,364 49,316 641,00 +925 643.90 632.25 21,562 54,316 641,25 +925 643.00 634.00 1,223 11,589 625,00 +9.00 626.00 619,00 250 2,424 616,20 +8,75 618,00 608,50 3,437 56,063 624.00 +8,50 625.50 618,50 1333 1,573

27 78 -0.08 27.95 27.88 10,459 46.575 27.97 -0.13 28.22 27.95 12.861 55.511 27.88 -0.08 28.12 27.87 1,095 12.462 27.50 -0.10 27.82 27.55 301 6.934 27.23 +0.06 27.36 27.25 84.58 6.188 27.91 +0.01 27.20 27.00 1,287 17.956 27.972 188.531 III SUYABEAN MEAL CUT (100 kms; Siton) 161 6 +5.0 162.0 157.2 8.327 42.257 161.3 +46 161.5 158.7 6.033 44.423 1644 +4.5 164.7 161.2 1,986 15,845 165.2 +4.5 166.3 162.0 717 11,935 1642 +4.0 162.5 162.0 576 5,485 167.0 +45 167.4 163.5 2,943 17,906 67.0 -5.0 80.0 -64.0 +10.0 82.0 -

Apr Stay Jul Cet Jun Total 189 PULP AND PAPER M POLPEX ONLY (USS; 24 air dry total) Satt Day's Open Pligh Low Vot Int 542.00 +2.00 549.00 542.00 90 507 561.00 +6.00 566.00 561.00 43 245

Nuts and seeds Prices from Kento London S per m/t. Iraniam pistachius 28/ 30 raw (in shell) naturally opened (round): crop 1995 \$4,100 FCA, crop 1997 \$4,200 FCA or CFR from Iran. Turkish huzulmus 1/315 + 11/13, for new crop indication \$4,200 CFR, easy with little interest, leasing melitaness double cleaned crop 1937 \$1,000 CFR. Long snow whate pumpkin seeds racteaned \$2,500 FDC Europe. seeds recience \$2,500 FOC Europe. Indian cestewe crop 1997/88 CFR from top shippers: W2C0 \$5,100, W240 \$5,800 raing. US almonds, standard 5 per cert crop 1997 \$3,600 FAS, crop 1998 \$3,950. Argentine peanuts 38/42 \$800 CP Europe

+3 1010 897 1,057 23,857 +3 1029 1075 2,852 20,252 +2 1054 1040 818 21,954 +2 1078 1065 578 22,482 +3 1102 1091 283 39,537 +3 1118 1115 19 13,042 1563 1544 8,339 10,006 1563 1565 8,607 22,704 1610 1593 1,498 9,852 1843 1629 584 14,371 1686 1667 236 8,803 1687 1687 20 4,147 17,984 74,675 -12 1942 1913 2,743 19,287 +7 1835 1869 3,818 19,005 +10 1851 1828 931 3,824 +10 1810 1805 89 1,483 +10 - - 111 1850 +10 1851 1828 931 3,824 1810 +10 1810 1805 89 1,483 1770 +10 - - 111 1730 +10 1725 1725 86 22 152.05 -1.85 156.50 161.00 4.182 9.573
166.10 -2.00 185.00 145.00 2.592 9.425
140.15 -0.90 143.00 140.00 822 5.408
133.05 -1.15 155.25 133.00 204 4.632
129.50 -1.25 131.03.40 88 1.558
127.50 -1.55 129.00 129.00 19 686
7,873 31,987 251.8 -0.5 255.0 251.0 1,226 1,586 253.2 -21 258.4 252.0 1,901 17,208 258.5 -2.6 251.9 257.7 408 8,956 253.5 -2.2 255.0 262.5 70 1,602 263.7 -3.8 272.4 267.5 79 1,026 272.0 -4.4 277.5 277.5 1 504 975 1000 9.35 -0.08 8.54 9.2013.389 49.233 8.94 -0.16 9.14 0.0012.718 58.638 9.27 -0.11 9.40 8.18 2.899 45.023 8.09 -0.08 8.00 9.61 1.027 29.02 9.76 -0.07 9.79 9.75 201 2.627 9.82 -0.07 9.85 9.85 2.3496

62.89 +0.48 62.94 62.25 3,261 14,737 64.45 +0.45 64.95 63.80 2,659 24,212 67.30 +0.33 67.35 67.00 288 3,548 68.55 +0.32 68.55 68.05 1,645 30,828 68.80 +0.27 68.80 69.80 404 6,411 70.43 +0.23 - 70.20 53 2,473 30 ORANGE JUICE NYCE (15,000bs; cente/bg) 98.60 -3.00 100.00 95.50 556 8,960 160.00 -3.05 103.20 100.00 96 4,996 102.00 -3.05 103.20 100.00 96 4,996 102.00 -3.05 107.00 105.00 22 1,356 107.00 -3.15 109.50 109.50 -746 1,966 32,813

VOLUME DATA

Open interest and Valume data shown for contracts
traded on COMEY, WINEX, CST, NYCE, CARE, CSCE
and SFE Crude Oil are one day in press. Volume &
Open interest totals are for all traded months. INDICES Apr 14 sonth ago 1655.3 1685.5 Apr 13 month ago 225.40

Spot Spot Gase: 1970 - 100s Apr 14 165.87 Apr 13 worth at 165.42 198.50 -825 +700 -8,525 -200 -60 -2,850

MEAT AND LIVESTOCK III LINE CATTLE CHE (40,000ls; costs/los) 57.100 -0.825 68.200 68.775 3.885 7.527 57.825 -0.400 68.500 67.575 5.967 42.338 68.825 +0.075 68.000 68.500 1,826 19.018

51.425 - 51.500 51.300 1.450

55.930 -2.675 58.500 55.850 1,412 54.200 -2.875 56.550 54.100 1,185 51.525 -2.750 53.800 51.500 253 48.800 -2.000 51.700 49.800 3

LONDON SPOT MARKETS \$134-135 \$89-71 \$126-128 Maphitica Jet fuel

9.15-9.25 Gold (per troy ex) -Silver (per troy ex) -Platinum (per troy uz.) , Palitadium (per troy uz.) 5914.00 Copper Lead (US prod.) 88.0c 45.00c Cattle (five weight) Sheep (five weight) Pigs (five weight) 76.669 109.36p 70.28p Line, day segar (raw) Line, day tagar (wite) Barley (Eng., Reed) Makes (US No3 Yellow) Wheat (US Dark Nort Unq. 47.25р

Coconet Of (Pails) Pains Oil (Biblio) /S Copes (Pails) Soyabeans (US) Colla (Indicator) Index 580.0y 682.5 \$362.5y 186.0 Monitops (64s Super)

CROSSWORD

No.9,657 Set by DARCY

I Player used to be hard. creating repercussions (8)
5 Unaware of poisonous crea-

10 Maybe old lady's brother has filthy article cut (5) 12 Fish included in special offers? Good - get a move OD! (5,1,3) 13 These may be involved in

14 That woman was tied in about it recurring in narraholding in church - using

what? (3.4) 20 Fix accommodation for 20 One imprisoned in clear-cut grandmother in part of case (7) Malaysia (6) 22 In design, UFOs recalled mushrooms, perhaps (5)
24 French island's traditional style of building? (5,4)
25 One involved in Zagreb's trouble, a long time ago

26 To sit back with a leading writer - fabulous! (5) 27 Seriously question European form of partition (6) 28 Salt, say, possibly regis one

1 A money-market for us to live without? (6)

3 Liz went in -

erupted – what a dish! (6.9)
4 One doing study of the sun wraps up short chapter (7) 6 Any nice requests played for the anniversary? (15)
7 Call up the day before - all right to pop in? (5)

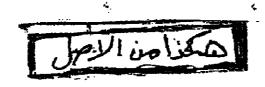
8 Pope's translation from the

Man on board taking some what oblique approachക്ര

in a part of the Mediterra-15 Subject to one's feelings 17 Doubtful bishop will fit in small car - it's padded tive? (7) inside (5.4)
18 Possible extravaganza one's 19 Worker, coming into some

cash, published require-21 Friend writing and ringing

about new plano (3.3)
23 I'm on about a rising member of the Campbell family Solution 9,656



FINANCIAL TIMES THURSDAY APRIL 16 1999 silver AND OVERSEAS

36 1846 RELAXY VIRIANIA

the heaven booking

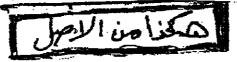
FT MANAGED FUNDS SERVICE

Offshore Funds

GUERNSEY

The Bank that's 142 years young

◆ FT Cityline Unit Trust Prices are publishe over the triophone. Call the FT Cityline Help Desk on (+44 171) 573 4376 for mo			india in in in
		Action to be for the control of the	



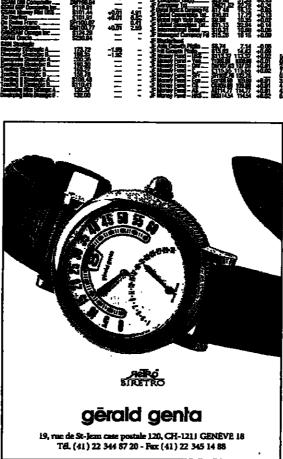
FT MANAGED FUNDS SERVICE

Prices are available over the telephone. Call the FT Cityline Help Deck on (+44 171) 873 4976 for some details.

27

海営・ 望 Indicator Auto

The Committee of the Com American Management Company of the C



. .

MO Sees Re/Enterp Com/ASmap Wile 21. We could MPS Moridian Funds BY A STATE OF THE PROPERTY OF Apr 3 __ DM252.148 The state of the s 12

Con a trade later 1102 (1804)
Bridge Later 1100 (1804)
Bane Interrupcional D'Andoca Ba 썙

The second secon

e saar mertere entities in the same of the

m - 18 - 1 ***

Service of the servic

LESURE & HOTELS

LONDON SHARE SERVICE

300 12 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | 1925 | Valume Vid 100ks 84's 12 5.8 - 6.9 38 13.5 - 3.3 76 2.5 PRESENTING THE LINK BETWEEN THE FINANCIAL WORLD 6.729 5 91 51 - 51 - 51 - 64 AND THE REAL WORLD. | Section | Sect 24 200 134 MW TRUSTS SPIT CAPITAL

25 200 154 MW TRUSTS SPIT CAPITAL

26 200 154 MW TRUSTS SPIT CAPITAL

26 200 154 MW TRUSTS SPIT CAPITAL

27 200 154 MW TRUSTS SPIT CAPITAL

28 200 154 MW TRUSTS SPIT CAPITAL

28 200 154 MW TRUSTS SPIT CAPITAL

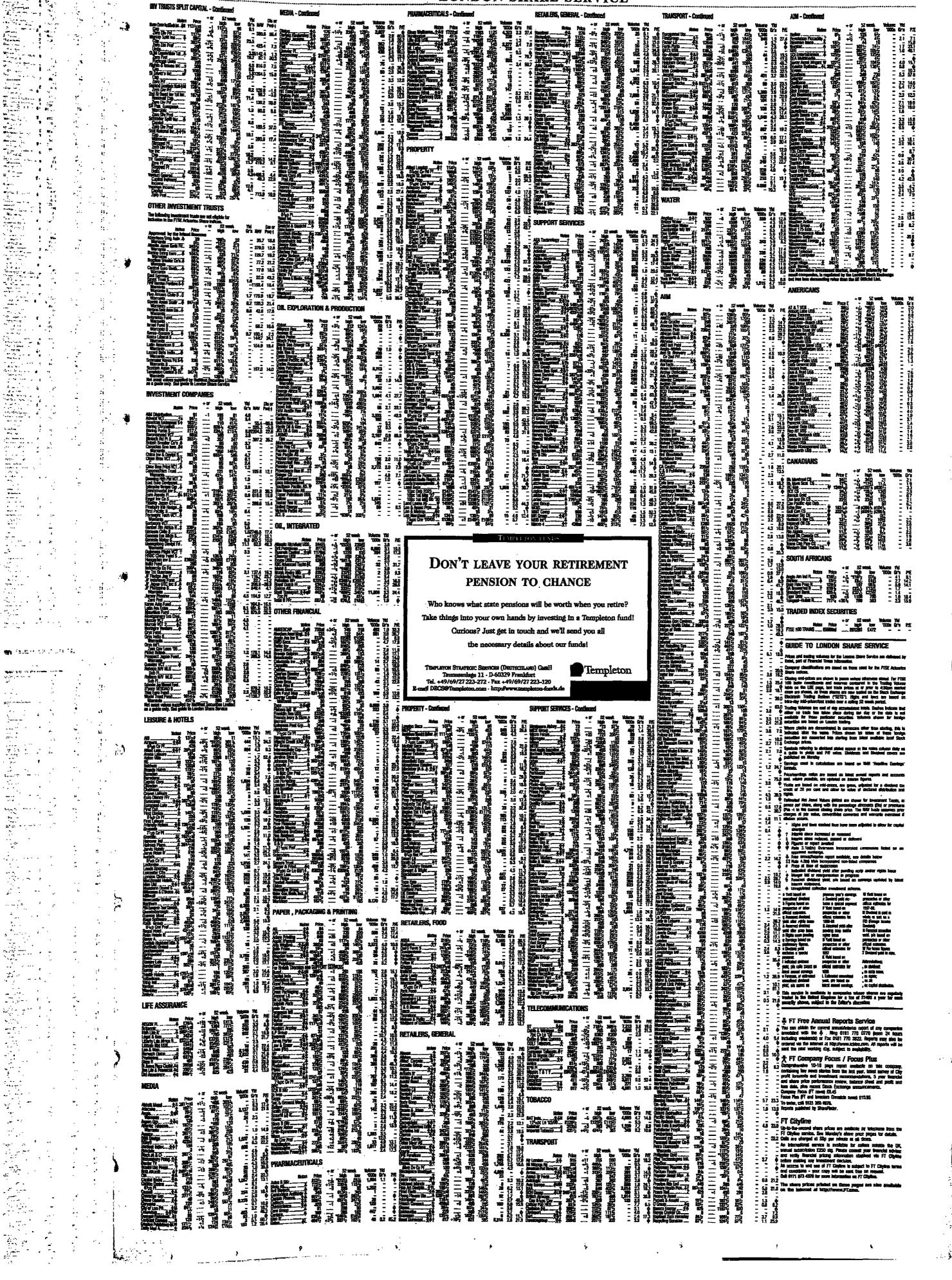
29 200 154 MW TRUSTS SPIT CAPITAL

20 200 154 MW TR 日本のでは、日本ので HOUSEHOLD GOODS & TEXT CHEMICALS AGA CAT (71)
AGAIN 1 (71)
AGAIN CONSTRUCTION

CONSTRUCTION

Solve to the part of the p CONSTRUCTION

Am marks Name



Early attempt at new record runs out of steam

ment bank.

Street are trading.

"My instinct tells me we

should be going down. The

more the market goes up the

more nervous I get, but it is

being driven by cash. There

is an increasing amount of

MARKET REPORT By Stove Thompson, UK Stock Market Editor

An early surge in share prices in London's equity market ran out of steam yesexcept for a marked deterioration just before the close.

The FTSE 100 index finished a rather lacklustre session just off the day's low, another interest rate rise having been down 30.8 at its

250 closing up 4.2 at 5,546.0. compared with a day's high of 6.3 and an early dip when the index showed a 1.6

The FTSE SmallCap finwas up 4.1 at 2,640.4.

Behind the eroston of the market's early confidence was a lingering worry that The other FTSE indices England's monetary policy cating is it trying to tell us money from private investmanaged to escape the committee revealed that the something? I think not. The tors being pumped into the market's main props, the

whether to increase rates. More evidence of a mixed economic outlook came from nerves are what is needed."

the British Retail Consortium which said that sales had a sharp slowdown in terday, in a performance ished the day 0,2 ahead at March, although analysts very similar to Tuesday's, 2,636.5; at its best, the index pointed to technical reasons behind the fall.

> Dealers in the London market were generally perplexed at the market's latest poor showing. "Wall Street might still be on the cards; is up getting on for 200 the minutes of the March points over the past few sesmeeting of the Bank of sions and London is prevari-

downside pressures affecting members were still split weight of money argument market and that too is a sig- Dow Jones Industrial Averthe leaders, with the FTSE down the middle over has been the driving force nal that we might be over- age racing up almost 100 behind this market and will continue to be so. Strong marketmaker. London shares were in

said the head of trading at good heart, prior to the release of the March moneone leading European investtary policy committee min-Others remained aware of utes, seen by some as a sign the high valuations on that another increase in UK which London and Wall interest rates might still be a realistic proposition.

> "The assumption that there are no more rises is wrong in that the slowdown. is not sufficient to take pressure off the economy." was the view of one economist.

Halifax was only showing

a gain of 121/2 under the

of the last trade. The mid-

ence between the best bid

Securicor slips

ued" from "buy".

short term

heating," said another senior point on Tuesday and making further progress at the outset yesterday, although London tended to ignore US trends towards the close. The investment manage-

ment sector was strong with Schroders and Amvescap Footsie's top performers and Halifax, the bank, also being chased higher at the close.

On the downside the pharmaceutical leaders, among the market's outperformers in the early part of the year. were under pressure all day. Turnover at 6pm was a disappointing 726.3m shares.

FT 30 FTSE Non-Fins pile FTSE 100 Fut Jen 10 yr Gill yield FISE ALSO Worst perfor Bectroic & Bect Book Boractive Inda

FISE All-Share IndeX

SKline fails to impress

COMPANIES REPORT By Peter John and Joel Kibazo

SmithKline Beecham was the biggest faller in the Footsie as the company's research and development presentation failed to

SmithKline's presentation on Tuesday in New York sought to shift attention to its core strengths in developing drugs and away from speculation about strategy and management.

Also, Jean-Pierre Garnier, chief operating officer, said a merger remained an attractive option for boosting shareholder value.

Analysts said the most likely reason for the share price fall was news that filing for approval of Smith-Kline's diabetes treatment Avandia might be delaye by six months or so, beyon

most analysts' expectations. They said the presentation had been solid, with no rea surprises, and while the potential for some groups of products was enormous, it was still a long way off.

Nigel Barnes at Merril Lynch maintained his long-term buy recommendation but conceded that the valuation was beginning to look stretched.

"If they had come up with

Avandia [the next potential blockbusterl we could have been a little more upbeat. But it is trading at more than 29 times our 1999 earnings numbers while Lilly is on 26 times and Merck 24

events," he said. The shares dropped 39's to 749p following a fall on Tuesday in the American Depositary Receipts. Zeneca fell 84 to £26.52 and Glaxo Well-

come 32 to £17.22. Shares in Associated British Foods retreated further downgrade current year

Tuesday's profits warning. The shares lost another

27% to 570p. The group reported profits of £193m for the 24 weeks to the end of February 1998, at the top end of analysts' expectations. times and it looks up with However, the company warned that the continued strength of sterling makes it unlikely that last year's operating results will be matched

30	INDEX	٠						
	Apr 15	Apr 14	Apr 9	Apr 8	Apr 7	Yr ago	"High	Low
, yield	3840.3	3846.0	3855.7	3824.4	3846.5	2836.8	3072.A	3828.1
	2.85	2.84	284	2.86	2.84	3.92	4.22	2.83
net	24.88		24.99	24.77	24.96	16.93	25.86	15.80
o call	24.66		24.77	24.55	24.74	18.76	24.84	15.71

	Apr 15	Apr 14	Apr 9	Apr 8	Apr 7	Yr ago
ZAO bargains	66,942	72,424	65,118	67,376	83,021	42,71
quity turnover (Distri	-	2856.8	3314.7	4466.4	3579.0	1734.
quity bargains!	-	57.869	55,501	63,089	67,804	37,090
Shares traded (m)†	-	711.8	B63.0	997.A	829.4	491.
Total market bargains;	-	69.116	68,143	78,901	82,307	
lotal turnover (Em)‡	-	3974.5	5031.9	6188.8	4961.3	
timy baberi ente lepoi	R2	943.3	‡118 1.1	\$1304.6	‡11 <u>21.3</u>	
radepoint turnover (Cm)	33.4	24.6	23.1	38.9	51.A	1.
Fradepoint stars traded	8.338	3,688	7,305	7.171	10,711	79

recommendations following

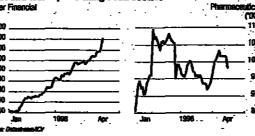
Merrill Lynch shifted its short-term stance on the "neutral" from "accumulate" although it as brokers continued to retains its long-term "accumulate" recommendation.

FT 30	INDEX								
	Apr 15	Apr 14	Apr 9	Apr 8	Apr 7	ogs n	High	"Low	
FT 30 Ord. div. yield P/E ratio set P/E ratio cel FT 30 state comp	24.66 24.66	2,84 34,97 24,75	284 24.99 24.77	3824.4 2.86 24.77 24.55 80640 8ss	3846.5 2.84 24.96 24.74	2836.8 3.92 16.93 18.76	3872.4 4.22 25.86 24.84	3828.1 2.83 15.80 15.71	
FT 30 hourly	changes								
	9 18 61 7857 8	11 1955 2 1		3 14		16	Fligh 1968 4	Lpm 2020 1	

3845.7	3859.1	3851.8	3856.2	3851.8	3844 6	3847.9	3839.9	3833.8	3868.4	3828.1
O UZ P		timind 1	M. AL 6	gides, cesser	wed. "For	7995.				

	Apr 15	Apr 14	Apr 9	Apr 8	Apr 7	Yr ago
SEAQ bargains	65,942	72,424	65,118	67,376	83,021	42,118
Equity turnover (Excit	-	2956.8	3314.7	4466.4	3579.0	1734.7
Equity bargains†	-	57.869	55,501	63,089	67,804	37,090
Shares traded (m)†	-	711.8	863.0	997.A	829,4	491.2
Total market bargains:	-	69.116	68,143	78,901	82,307	
Total turnover (Emit	-	3974.5	5031.9	6188.8	4961.3	N.
#(m) baberë ente lepoT	12	943.3	‡1181.1	\$1304.6	‡11 <u>21.3</u>	
Tradepoint fornover (Cm)	33.4	24.6	23.1	38.9	51.A	1.7
Tradepoint stars traded	8,333	3,688	7,305	7,171	10,711	780
ligation in the second section in the	2020 FEDORA	i just sachrafting	Crest terror	er. 1K only I	olat ai Gest.	‡ UK pie
M London market data	ı					

Best and worst performing FTSE sectors



signs of running out of steam following their remarkable run on the back stock exchange's new elecof hopes that consolidation tronic trading system. But in the US will spill over into that system reflects the price the UK.

The sector was highlighted price - which is the differin the afternoon by news that Barclays and Union and best offer and shown on Bank of Switzerland were being sued for a total of stock up nearly 70 at 944p. £700bn by four clients in Chi-

Lloyds TSB hit another jumped 253 or 9.2 per cent to all-time high in intra-day £29.98 with support from a trading. But the shares have Flemings recommendation. jumped 17 per cent in the past month and the bank was valued at more than 91/4 times its book value at best. The stock slipped back to end 12 down at £10.63. HSBC, seen as the prime

candidate for UK expansion. also came off the boil. The shares fell 34 to £19.91 but by £20m to £100m and also both Merrill Lynch and Mor- moved its recommendation gan Stanley issued warrants on the stock. Merrill issued 25m call warrants expiring in January while Morgan ker blamed "transient costs issued 11.4m put warrants with the same duration.

The former building societes, which have been left out of the recent post-results rally, put on a more sprightly performance.

same broker was said to have raised its recommenda tion on British Telecommunications to "buy" from "hold". The shares slipped 2 to 656p.

ness in bid target Argos and the shares eased a penny to 638p. It emerged yesterday that

636p per share.

1.39 per cent. Active buying of GUS,

offer for Argos from 570c a Meanwhile, among the share to 650p, saw it improve merchant banks, Schroders 161/2 to 817p. The British Retail Consor-

> hard. Sentiment had also been

101/2 to 411p after broker usually viewed as a crucial ABN Amro downgraded its sales period for this sector. pre-tax profits estimate for Carpetright eased 5 at the group. The broker cut 365p, with dealers citing a the current year's forecast change of recommendation by Panmure Gordon. The broker was said to have shifted its stance from "buy" on the shares to "underval-

Jim McCafferty at the broassociated with promotion and acquisitions" relating to MFI Furniture added 2 at Cellnet, the UK cellular business in which Securicor BRC report was not all had holds a 40 per cent stake. He also cited the strong Dixons was cheered by the performance at Intek Diver-

to "hold" from "buy". The

There was two-way busi-

Soros Fund Management had bought 1.26m ordinary shares in the company at

The trade, said to have been done on Tuesday. helped the Soros Fund increase its holding in the bid target of Great Universal Stores to 4m shares, around

Reuters screens - had the which last week raised its

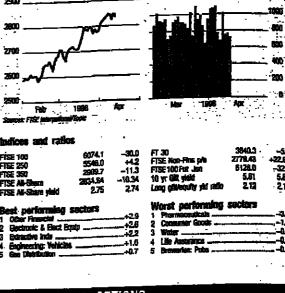
> tium's March report hit furniture retailers particularly

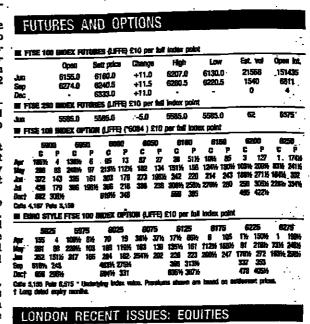
hit by the appalling weather In telecoms, Securicor fell over the Easter weekend,

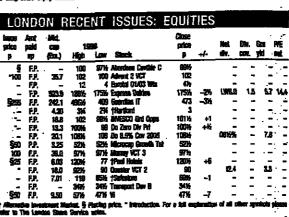
> to "hold" Allied Carnets was also affected and the shares declined 2 to 152p. However. 96%p. The news from the and electrical goods retailer report which indicated that March had proved a better month for the electrical and

> > Apr 14 Apr 9 ago

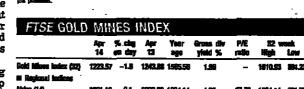
Day's Apr 15 dhyafa











sified Corporation, the US group in which the UK company holds a 63 per cent electronics sector. Dixons stake. He said the positive jumped 22 to 559p. Watmoughs, the printing start will mean an increase start-up losses in the group, improved 22 boosted by news that the hort term. boosted by news that the Australia (7) 1473-85 -1.0 1493-85 1871.17
Cable & Wireless eased 3½ government had decided not North America (11) 1190-56 -2.1 1218-82 1447.37 2.25 1.03 to 745p after Credit Suisse to refer the bid by Investoorp Copyright, FISE international Limited 1988. All dights respond. Rights in tracket prices were to see the control of the control First Boston was reported to to the Monopolies and Merghave downgraded the stock ers Commission. FTSE Actuaries Share Indices

The UK Series

22.41 51.68 2845.96 20.47 41.54 2368.73 19.29 42.76 2391.53 22.02 24.20 2589.51

CREDITANSTALT London Branch

It is with great regret that Creditanstalt AG, London Branch announce that Bob Tompkins, our Deputy General Manager and Treasurer, passed away on Thursday, 9th April.

A Requiem Mass will be held at St. Mary's Church, Chislehurst, Kent at 1 p.m. on Friday, 17th April to which all are welcome.

Any floral tributes should be sent to:-

Francis Chappell & Sons Funeral Directors 468 Bromley Road Downham Bromley BR1 4PP

A Memorial Service will be held at a date yet to be

HongkongBank The Longkong and Shanglus Kanking Corporation Limited

ncorporated in Hong Kong with limited liability)

U.S.\$400,000,000
PRIMARY CAPITAL UNDATED FLOATING RATE NOTES
(THURD SERIES)

Notice is hereby given that the Rate of interest has been fixed at 5 875° and that the interest payable on the relevant Interest Payment Date July 16, 1998, in respect of US\$5,000 nominal of the Notes will be US\$74.25 and in respect of US\$100,000 nominal of the Notes will be US\$1.485,07.

ord Fri 1988 Landon v Cabanti N.A., nCarporuto Agency & Trusti; Agent Bara. CTTBANCO

LOTHBURY Lothbury Funding No.1 PLC £150,000,000

£144,000,000

Mortgage Backed Floating Rate Notes due 2031

in accordance with the provisions of the Notes, notice is hereby given that for the three month period 14th April 1998 to 10th July 1998, the Class A1 Notes, Class A2 Notes and Class B Notes will carry an interest rate of 7.75078%, 7.95078% and 8.75078% per annum respectively. The interest payable per £100,000 Note will be £160.47 for the Class A1 Notes, £1,895.12 for the Class A2 Notes and £2,085.80 for the

GREENWICH NATWEST

CHEVY CHASE MASTER CREDIT CARD TRUST II

U.S.\$138,000,000

Class A Floating Rate Asset Backed Certificates, Series 1995-B U.S.\$12.000.000 Class B Floating Rate Asset Backed Certificates, Series 1995-B

Interest Accessed Rate Compon Amount (USD) 5 9062529. 6,0062509. U.S.\$674.218.75 U.S.\$60,262.50 Account Person. Carron Account Person.

These Interest Account Rases and Composi Am the interest payable on Friday, May 15, 1998.

April 19 1994

CHINA MERCHANTS

CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

15th April, 1998

CHINA DIRECT INVESTMENTS LIMITED **Net Asset Value** China Merchants China Direct Investments Limited announces that as at 31st March, 1998, the unaudited consolidated net asset

value per share of the Company was US\$1.163.

METRO

METRO FINANCE B.V.

Can\$ 100,000,000 Collared Floating Rate Notes 1993 2003 sauce under the DM 2 billion Multi-Currency Euro Medium Term Note Programme of METRO AG) Transhe-No., L1

The Rate of Interest applicable to the Interest Period from April 15, 1998 to July 14, 1998 inclusively, was determined to be 6.5 per cent. Therefore, on July 15, 1998 interest per Note of CariS 1,000 principal amount of CariS 16.21 and interest per Note of CariS 10.000 principal amount in the amount of Carl\$ 162.05 is due Frankfurt om Moin, April 1998

Dresdner Kleinwort Benson Calculation and Principal Paying Agent



CMEC GE CAPITAL CHINA INDUSTRIAL HOLDINGS LIMITED

Net Asset Value

CMEC GE Capital China Industrial Holdings Limited announces that as of 31st March, 1998, the unaudited consolidated net asset value per share of the Company was US \$1.012. CMEC GE Capital China Industrial Holdings Limited

an exampted company incorporated with limited feathing in the Cayman Islands

(4th April, 1984

LOTHBURY Lothbury Funding No.1 PLC £144,000,000 Class A1 Notes

Notice is hereby given that there will be a principal replyment of £4,437 per £100,000 Note pursuant to Gauses (Sb) of the Notes on the interest payment date 1-th April 1998. The principal amount out-standing on 15th April 1998 will therefore be £2,686 GREENWICH NATWEST

Mortgage Backed Floating Rate Notes

due 2031

The FT can help you reach

additional business readers in France. Our link with the French isiness new spaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European eadership and to further target the French business world. For information on rates and further details please telephone: Toby Finden-Crafts on

+44 171 873 4027

FISE 100 FISE 250 ex IT FISE 250 ex IT FISE 350 ex IT FISE 350 lightr Yield FISE 350 Lover Yield FISE 350 Lover Yield -0.5 6104.1 6105.5 4294.8 +0.1 5541.8 5529.3 4524.6 +0.1 5578.5 5567.6 4567.9 -0.4 2221.0 2220.4 216.0 -0.4 2252.3 225.8 --0.1 2652.7 2658.7 2050.0 -0.6 2293.3 2392.4 2183.1 2552.8 254.8 2266.2 226.8 2.69 2.28 2.94 2.47 3.03 2.55 2.74 2.31 2.75 2.33 3.69 3.16 2.02 1.68 2.88 2.33 3.09 2.50 2.75 2.31 2.77 2.34 2.07 2.08 2.14 2.07 2.09 1.96 2.23 1.56 1.82 2.04 2.06 21.79 24.44 1330.50 17.26 28.40 2163.68 27.84 20.63 2158.51 -0.7 2552.7 2558.7 2550.5 -0.6 298.3 292.4 2183.1 -- 2536.28 2534.28 2296.71 -- 2627.10 2625.94 2310.89 -0.4 2844.98 2842.5 2857.46 -0.4 2852.89 2852.30 FISE Senaticup
FISE Senaticup ex IT
FISE AU-State
FISE AU-State
ex IT 27.73 16.48 2282.43 24.96 16.61 2296.77 22.30 23.21 2560.67 ■ FTSE Actuaries Industry Sectors Gross Ref years years +0.1 4664.16 4709.51 3984.55 321 2.78 1.85 21.04 29.11 2128.22 42.2 3144.61 3142.89 4662.55 4.27 3.95 2.10 13.96 72.61 1002.55 -0.2 5224.37 5279.18 4078.33 3.19 2.73 1.80 21.74 19.43 2440.22 440.3 3124.90 3128.38 3491.34 1.84 1.53 1.82 35.32 29.18 1944.57 10 RESOURCES(22) 12 Edraçtivo Industri 15 Oil, integrated(4) 16 Oil Exploration & Prod(13) +0.3 3724.90 3725.33 3897.34 1.84 1.53 1.82 +0.4 2207.96 2208.75 1877.30 3.37 2.95 2.91 +0.5 1807.83 1805.75 1873.30 2.44 2.51 +0.3 1847.33 1845.73 1863.82 4.03 3.44 2.02 -0.5 2898.83 2905.76 2245.90 3.26 1.04 1.84 +0.4 1437.99 1434.84 1467.03 3.94 3.68 2.18 +2.6 2447.20 2438.84 2458.34 2.78 1.84 +2.6 2447.20 2438.84 2163.86 3.17 2.28 1.84 +0.1 2961.76 2807.26 2568.86 3.17 2.28 2.40 +1.0 4098.17 4083.49 2513.49 2.15 1.57 3.31 +0.5 2219.58 2217.47 2470.00 4.60 3.66 2.19 16.95 22.42 1297.90 18.60 12.40 1435.57 15.37 21.96 1004.34 20.87 30.36 1455.93 14.56 17.83 885.79 22.11 18.13 1881.58 16.41 22.11 1917.90 17.58 27.83 2274.78 20 GET INDUSTRIALS(221) 21 Construction(35) 22 Building Matts & Marchs(27) 23 Chemicals(24) 23 Crismicassa4)
24 Diversited Industrials(10)
25 Electronic & Elect Equip(25)
26 Engineering(52)
27 Engineering, Vehicles(10)
28 Paper, Pchy & Printing(24) -0.5 2219.56 2217.47 2470.80 9.00 2.10 12.00 12. 1243 2724 40 SERVICES(278)
41 Diskflymms(28)
42 Leisere & Holsle(28)
43 Methick)
44 Retailers, Food(13)
45 Retailers, General(49)
45 Telecumentedications(10)
47 Grewnius, Pubr & Rei
48 Support Services(82)
49 Tensport(25) -0.4 3787.00 3828.98 2746.75 -0.6 4218.97 4277.88 3015.33 +0.7 2735.00 2784.70 1653.64 259 256 129 33.4 23.54 1882.04 4.12 3.28 187 16.20 6.35 1779.22 4.45 3.56 2.17 12.54 7.28 2420.83 2.36 1.89 ‡ ± 0.06 1577.46 4.94 3.95 2.20 11.49 10.26 2100.39 80 TILITES(23) 64 San Distribution(2) 68 Water(12) 69 ROW-FINANCIAL Section -0.5 2792.72 2894.79 2148.50 2.82 2.40 1.98 22.56 19.40 2282.59 2779.43 -0.1 8070.57 595.73 3787.51 263 216 223 20.41 71.08 2000.14 -0.1 8070.57 595.71 3787.51 264 211 229 20.61 120.04 3710.51 120.04 70 PRIVATEURLS(169) 71 Sanks, Retail(12) 73 Insurance(17) 74 Life Asserance(8) 77 Other Figurida(29) 79 Property(46) 80 MATERIAL TRANSPORT 3970.57 +0.1 3988.24 3958.56 3222.95 1.99 1.61 1.18 53.05 21.10 1462.81 2834.64 -0.4 2844.98 2844.25 2867.46 2.75 2.31 2.04 22.30 23.21 2560.07 2842.13 -0.4 2852.88 2852.30 - 2.77 2.34 2.08 21.33 23.51 1320.55 89 FTSE All-Share(862) 105 FTSE All-Share ex 17(748) 1441.07 -1.3 1459.49 1470.94 . - 8.67 1.48 1.30 63.33 2.27 1443.54 1470.00 -0.1 1411.94 1470.30 1303.67 2.10 2.51 1.44 27.95 9.84 1554.89 1425.58 -0.2 1423.39 1425.67 1526.68 3.48 2.82 1.49 24.11 8.80 1577.32 ation Technology FTSE Redging FTSE Redging ex IT +0.3 1953.3 1963.2 - 1.15 0.91 0.56 80.001 2.52 984.14

E Hourly movements

11.08 12.09 13.05 14,00 15.80 16.16 High/day Love/day - 6129.5 6121.6 - 550.5 - 6129.5 8121.6 6121.4 6110.7 5103.9 6112.2 8086.4 6080.3 6133.1 540.5 540.5 5543.6 55 6060.3 6139.1 6073.3 5543.6 5548.1 5540.2 2811.9 2834.1 2809.2 2637.37 2640.40 2636.46 Take of FTEE 190 Day's high: 8:45:15 Day's hier 15:54:55, FTSE 100 1967 High: 6:06:5 (0:64:58) Love: 808.67 (15:01)/50 Then of FTEE 48-Share Day's high: 8:45:00 Day's hier: 16:55:00 FTEE 48-Share 1967 High: 20/27.10 (0:004:08) Love: 2008.12 (12/01/09)

Further information is available on unpulverentias.com

© FTSE international Limited 1988, All Rights reviewed. "FT-SE" and "Footale" are stade masss of the London Stock Exchange and The Rosadel Times and are used by FTSE international under Rouse. † Sector PAE nations greater them 80 and not covers greater than 30 and not shown. ‡ Viniges are nexisten. Deletions Feber Prest (FTSE Fluidpling), Ranne Changes Microvine change to Unione

Sing Institute State of State

Vot Crosing Day's 000's price change

施費は ・ 9.

AUTHORN TO THE PROPERTY OF THE PARTY OF THE

April 1888 Mark Control Control

19 Julius 51 FF 1,00 ## Julius 5 ME 55 F 10 ME MAN 70 100 T

を構成した。 の構造した。 の構造した。 の構造した。 の構造した。 の構造した。 の構造した。 の構造した。 の構造した。 のでは、 のでは、

aria Para Para Talka ka

FINANCIAL TIMES THURSDAY APRIL	1.6.1000
Highs & Lows shown on a 52 work have	T10575 000
+/- Man Low You Pie +/- Man Low You Pie	### 1570 - 187
EUROPE Casho 415.40 +1.60 425 245 1.9 38.4 Ve 41.90 -90 22.50 28.20 24 1.2 Ve 41.90 25.00 25	The 268 +11 20 29 241 2.9 13.8 Robero 224.20 -1.00 220.50 192.10 1.6 62.6 Action 171 this 127,57 -1.65 120.10 27.20 1.3 22.8 Reduced 55.1065.50 56.5 15.9 Action 6 167,50 70 100 550 467 1.7 46.6 Rober 270.60 -20 215.00 161 0.7 Addish 229,50
Greek 386 -1 330 7730 12 July 16 August 387.05 +6.90 400 183 1.5 Dishald 598r - 751 551 1.5 W AUgust 744 -1 770 577 Coles 1.105 +201.148 770 577 W	(Mink S20 +5 S31 302 52 52.1 Revent 123.50 +50 127.60 198.50 — Admost 277.50 14 964 -52 1,987 734 1,422 7 Ributa 118.70 — 123.50 1,92 2.7 25.1 Amile 254 14 1,422 − -81 1,500 87857 50 18.6 Sando 72.60 −50 92 66.50 23.1 120 Amile 134 17 1,432 − -14 1,144 60.00 18.00 18.00 18.00 18.00 17.00 −50 92 66.50 23.1 120 Amile 134 17 1,1432 − -14 1,144 60.00 18.00 18.00 18.00 18.00 17.00 18.0
9877 490 490 2525 1581 1.0 225 108900 2,240 40 3,460 2,160 25 152 80 154 155 155 155 155 155 155 155 155 155	###F 1,570 +61,570 827 12,842 (PMDP 157.80 +62.90 165.86,40 1.5 11.6 (East A 222 Fram 168 -4 175 168 Will Till -107.85 158.20 16.3 27 57645 752 Will W 57.70 +45.95.70 45.90 55 18.6 5764 45.9 Will W 57.70 +45.95.70 45.90 55 18.6 5764 45.90 Will W 57.70 +59.95.70 45.90 55 18.6 5764 45.90 55 18.6 5764 45.90 55 18.6 5764 45.90 55 18.6 5764 45.90 55 18.6 5764 45.90 55 18.6 5764 45.90 55 18.6 5764 45.90 55 18.6 5764 45.90 55 18.6 5764 45.90 55 18.6 5764 45.9 5764
France 2011 -3 971 535 29 153 19 1000 1 4005 -4 1,005 157 17 17 18 19 19 19 19 19 19 19 19 19 19 19 19 19	
Januar 570 -4.50 510 264 50 161 0 0 0 155 - 163 572 161 Co Legon 640 45 945 600 - 15 600 161 5 15 165 581 15 1	##### 157 (1576) 15 (25) 15 (25)
OMEY 1.540.50 -18 1.040 1.254 1.77 2.7 SMC1. SSZ 779 448 2.9 CM NO OMES 822 -0 880 582 2.0 12 SMC10 75 -280 346 277 2.8 1.15 M DESMA 1.542 -15 1.820 883 10 1.0 32 SMC10 280 70 -280 340 277 2.8 1.15 M Resident 615 -55755 473 284 5750 870 284 570 28	Spr 2,650kg + 400 2,855 (828) 24.12.1 [10] 8,847m + 1627 4,957 4,197 20 27.7 AMBEA 123 g +1 155 115 20,256.4 minA 576 40kg 8,2200 - 400 8,800 4,310 12.47.8 AMBEA 120 g +1 133 105 42 11.2 kms254 446.50 BM 8, 182 + 460 9,329 4,50m - 1,408 AMBEA 3 g -1 108.0 87.50 (2.0 ms25 444.8)
Stepril 885 -3 964 385 10 10 10 10 10 10 10 10 10 10 10 10 10	### 42,055 -42,000 43200 18,000 2.4 67.0 Amitodis 523 100 86.50 1.2 Namey 212. Propart 180.00150 224 140 1.2 7.5 Lumble 180.00 190
NA SI 526.50 -2.50 e2.50 e3.50 40 22 23 10.3 Sense 860 +6 510 207 11 30.5 WHITE SI 53.50 10.5 Sense 960 22 Fried SI 57.70 4.50 36.50 25.7 25.50 WHITE SI 57.70 4.50 36.50 10.5	Britine 66 42 92 58 3.0 9.7 Medick ² 255 Griffick 55.0 9.7 70 58.0 72 3.3 9.2 MCA 10250 Griffick 55.0 7.7 38.0 72 3.3 9.2 MCA 10250 British 70 75.0 75.0 75.0 75.0 75.0 75.0 75.0 7
9E_MISMALEUGEMBOURG (Apr 15 / Fra.) Securit 455 -7 635 472 31 304 166 Securit 455 -107 4382 208 0.2 11 4 Am Securit 455 -45 482 208 1.2 100 18 20 50 50 50 50 50 50 50 50 50 50 50 50 50	Page 2,100119 2,700 3,500 1,1 12.2 Sheesk 129,50 +-10 157 82 5.0 6.6 septimized at 50 10 to 18,25050 18,250 5,155410, Folus . 550 4-60 7 56 7.1 84 Finest . 670 CMSP 1,000 +-126 2,750 1,226 2,2 4,2 16554 4542,51 40 4,7 12.5 Pendi 153 Deem 9,545 4,256 8,000 1,756 1,756 4,6668 30,70 +-30 4,50 22 5,5 10,1 256 2 200 100 100 100 100 100 100 100 100 1
Accommun. 13,700 +475 15,050 5,410 0.9 26.7 Bridge 24,90 24,90 28,05 41,5 E. Admin. 2,305 +30 2,805 1,323 1,1 50.9 Grader 710 +4790 24,90 28,05 14,5 E. Admin. 2,305 +30 2,805 1,323 1,1 50.9 Grader 710 +4790 485 0,415 E. Admin. 4,524 -4,525 1,525 3,500	DER 11,915 4-225 TILDR 19879 05 4627 (1485) 486 - 106 77 3.5 - 55.46 2504 18 6 286 4-500 6,750 1,504 2.5 26.3 (1487) 57.5 - 74 403 250 2.3 TILDR 1975 177.50 18 6 286 4-700 6,750 1,504 2.5 26.3 (1487) 58.5 - 443 250 2.3 TILDR 197 18.5 18 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7
Bibles 49,700 - 50,000 34,000 14 - 1988 550 - 557,7355 15 253 Bibles 80,500 - 50,000 34,000 14 - 1988 550 - 557,7355 15 253 Bibles 80,500 - 1,500 54,000 15 31,7 Heestel 1,947 - 61,964 550 14,545 Bibles 80,500 - 1,500 7500 7500 33 - 1,800 750 750 750 750 750 750 750 750 750 7	logi 204.50 -453 222 51.50 - 25.6 m2. 25.80 - 30 37.70 17.57 - 554.85 168.50 669 42.700 - 150 450 225.55 168.50 669 42.700 - 150 450 225.55 168.50 669 42.700 - 150 450 255.55 168.50 669 42.700 - 150 450 255.55 168.50 669 42.700 - 257.500 255.9 1.5 25.5 50.666 23.65 169.50 67.50 257
Held 27,580 +100 25,775 20,000 1,6 25,25 Sensote 7,75 - 477 37,20 1,6 E But Carlot 7,75 - 5,70 252 7,8 1,25 E But Carlot 7,15 - 5,70 252 7,8 1,25 E But Carlot 7,15 - 5,70 252 7,8 1,25 E But Carlot 7,15 - 5,70 252 7,8 1,25 E But Carlot 7,15 7,20 4,50 252 7,8 1,25 E But Carlot 7,15 7,20 4,50 252 7,8 1,25 E But Carlot 7,15 7,20 2,15 E But Carlot 7,15 7,15 E But Carlot 7,15 F But Carlot	mp 15,950 +501 (2,70 5,040) 2 20.4 minutes 371 -3 minutes 21 (1.2 Section 1971) (1.3 Section 1971) (1.3 Section 1971) (1.4 Labs + 5.5 2,050) (1.5 Section 1972) (1.4 Labs + 5.5 2,050) (1.5 Section 1972) (1.4 Labs + 5.5 Labs
Court 250 4-36 270 140 150 150 150 150 150 150 150 150 150 15	ndr 2,000 -15 3,240 946 13 07484 858,30 +50 846 622 150 156 95984 127 Fin 1,265 -25 1,860 950 - 729 0049 776 +4 760 476 112 13 Skedd 550 Fut 1,958 +30 2,340 658 -554 Pulsao 557 48,50 346 255 12 13 Skedd 350,30 B 2005 +305 2,200 1,500 12 84,8 Barris 25 4 855 346 255 175 22 182 8884 350,30
Dects 5.160 -60 5.000 3.405 1.5 17.5 4.000 465 4.5.50 680 305 12.20 0.00 680 680 505 12.20 0.00 680 680 680 680 680 680 680 680 680 6	9.00 4785 9.505 2.710 U.S. 76.7 Natura 270 - 270 165 20 163 30476 167.9 165 22 163 30476 176.7 Natura 270 165 20 163 30476 176.7 Natura 276 167 167 167 167 167 167 167 167 167 1
98 p. 1,820 -51,990 1,300 16 p. Handa 446,59 5-40 177 177 FM 58 p. 1,820 -51,990 1,300 16 p. Handa 446,59 5-40 456 220 22 66.5 FM Bandley 21,800 -52,2239 11,255 1,9 22,9 Handa 137 42,10 129,35 10,10 4,0 FM Bandley 5,500 +40 67,40 2,800 1,6 552 09,50 5,400 +40 5,500 2,300 22 303 FM	Pr 5,380 -40 5,510 2,555 19 Shint 198,57 -1,50 223 110 12 Sydnot 241 18 5,510 2,555 19 20 110 12 Sydnot 241 18 5,510 2,555 19 20 110 12 Sydnot 195 18 5,515 -65 5,550 2,570 2,4 122 Sydnot 195 195 195 195 195 195 195 195 195 195
Others 2, 2500 — 20, 2500 1295 — 12, 1 redbest 551 — 1 468 550 2 17, 7 666 560	mins, 1770 +12 1756 500 12 2.4 Willelm 230 +3 340 175 15 6.4 Triters 240 willelm 2505 +3 340 175 15 6.4 Triters 240 willelm 2505 45 60 5120 5120 61 512 61 61 61 61 61 61 61 61 61 61 61 61 61
Microser 14.225 -25 15.200 14000 15 57.1 Punils: 413 -43 465 227 23 165 51 165	10,366 +200 11,360 4,670 12,215 5 6 5 6 5 7 7 8 4 7 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8
Retiat 48 +6 500 302 Priser 2,891 +3,002 1,721 0.8 45, 50 Rebulo 14,875 +200 14,50 8,200 2-4 27.1 Result 274,50 -20 53,50 84,50 8.7 +3,50 82 South 6,350 +60 8,500 5,500 2-4 27.1 Result 2,200 24,50 5,50 15,30 13 - 15 South 6,350 +60 8,500 5,500 15 - Result 2,200 +65 2,400 1,405 1,0 4,74 Mar South 6,350 +60 8,500 5,500 16 - Result 2,200 +65 2,400 1,405 1,0 4,74 Mar South 6,350 +60 8,500 5,500 16 - Result 2,200 +65 2,400 1,405 1,0 4,74 Mar South 6,350 1,400 1,4	- 10000 - 100000 - 10000 - 10000 - 10000 - 10000 - 10000 - 10000 - 10000 - 100000 - 100000 - 100000 - 10000 - 10000 - 10000 - 10000 - 10000 - 10000 - 10000 - 10000 - 10000 - 10000 -
Schurc 3,340 +40 3,490 2,275 2.0 SLC 1500 1.00 1.00 1.00 1.00 1.00 1.00 1.00	86 Vp: 1,930 Bir Rg: 3,330 BANNG 960 Bring 960
UCB 161,000 +3,100 19280 88,000 0.5 53.6 Separm 3,850 +49 4,100 2,450 0.7 20.6 Unide 2,675 -10 3,840 2,375 1.3 17.9 States 765 -41 1,002 7.79 1.9 20.0 States 765 -41 1,002 7.79 1.9 20.0 States 455 -5 485 205.40 1.4 47.2 CZECN BEP (Apr 15 / Konune) Sep 54 191.2 -3 1,128 619 1.2 23.0	
Sandi 710 +10 737 439 13 250 1	EMBL 4.400 EMBL 573 Fleeling 573 Fleeling 1700
Craspo 228 +8 320 151 4.4 9.1 Salet 455 +2 485 315 1.1 48.0 Cer 5 42 4	Rockwell Automation
Cascra sept (40r 15 / Korures) Sen SA 912 -3 1,128 619 12 295 8.8 17.8 Sen SA 912 -1 473 295 8.8 17.8 Sen SA 912 -1 48.0 Se	Rockwell Automation is leading the development of advanced superconducting motors. Rockwell Automation 1,200
Tubina 8,885 -15 9,900 7,126 6,5 15.1 Sunctor 1 1,056 +47 1,057 500 1.1 46,6 System 999 -4 994 552 0,64 9,2 10 10 10 10 10 10 10 10 10 10 10 10 10	About 2.611 Noving 2.611 Noving 2.611 Posting 2.540 Philade 2.540 Philade 1.640
BG But 423 -2 510 284 47 8.0 Dalmir 488 475 381 2.5 204 Carls 468 -12.04 679 325 0.2 25 0.0 Dalmir 7500 +3.70 12.07 4.00 1.00 Carls 488 -7 478 330 0.5 28.0 Value 586 +36 597 2840 2.0 34.1	development of advanced
Codes 1,170 1,300 850 1.9 10.2 Codes 1,170 1,300 850 1.9 10.2 Cipist 645 +17 665.0 430 0.8 38.9 SERBMANY (Apr 15 / Dm.)	superconducting motors.
D\$128 294,000 -7,000 26500 191,009 0.3 55.7 A6kmW 40.70 -1.0 49.80 29.80 2.5 21.4 D\$10r 715 +5 930 710 2.5 8.3 AM 805 34.50 840 416 69.8 D\$ 8w 480,000 -50,000 2000 0.3 -5 A44 A64 A64 A64 A64 A64 A64 A64 A64 A64	Salet Ng 207 Salet Ng 2,070 Salet Salet 2,070 Salet 2,070 Salet 2,700 Salet 2,700 Salet 3,500 Salet 1,135 Salet 1,135 Salet 1,135 Salet 1,135
DenCos 456 +55 476 21.2 1.1 20.7 Alber 617s +8 622 301.17 0.3 61.8 DenCos 680 +10 985 535 20 11.1 Alber 617s +8 622 301.17 0.3 61.8	Schmid 2 165 Skeite 10.50 Style 156 Skeite 156
GHord 170 - 180 85 1.4 27.5 Balany 1280 -45 1.460 790 1.2 34.2	N Rockwell Smile 380 Sufficient 580 Sufficient 580 Sufficient 580 Sufficient 170
SS B 305 -8 411 159 0.5 60.4 Septem 192,00 -1.10 100.00 50.90 1.4 70.8 Septem 192,00 -1.10 100.00 50.90 1.4 70.8 Septem 192,00 -1.10 100.00 50.90 1.4 70.8 Septem 192,00 -1.50 192,00 1.4 70.8 Septem 192,00 -1.50 192,00 1.0 1.0 1.0 192,00 1.0 1.0 1.0 192,00 1.0 1.0 1.0 192,00 1.0 1.0 1.0 192,00 1.0 1.0 1.0 192,00 1.0 1.0 1.0 192,00 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1	
GSIANT 170 — 189 85 1.4 27.5 Sealons 47.77 — 48 51.90 22.77 2.3 18.4 SS 8 86 400 — 411.22 183 0.5 68.3 Sealons 62.27 62.25 18.4 SS 8 85 — 8 411 156 0.5 68.4 Sealons 62.25 — 68.57 92.70 2.3 18.4 Sealons 1.864 — 4.180 1.380 1.4 18.0 Sealons 1.20 1.4 18.0 Sealons 1.4 18.0 Sea	http://www.rockwell.com Tusker (Apr 15/1
Michael 270 382 287 13 15.8 Bengh 183.07 +1.30 168 113	est 11,925 +18513,200 6,800 1.9 52.1 CakE 710,000 -3
Retha 1.370 -5 7.355 8804 D.9 85.0 Cates 834 -11 670 577 1.9 42.3 Med Retha 1.385 -1 401 685 D.9 35.5 Cates 834 -11 670 577 1.9 42.3 Med Settle 124 -1 125 84.50 2.8 15.0 Cates 52.65 -1.25 64.10 87.10 1.3 19.9 Med Settle 124 -1 125 84.50 2.8 15.0 Delbar 124 -1 125 84.50 2.8 15.0 Delbar 125 -1.25 84.0 100 100 100 100 100 100 100 100 100 1	E 27 JULY 40 25250 R250 U7 37.5
Section 126 -1 120 MILE 24 150 DUNY 246.50 4.552 2650 130 2.0 _ Morn Stadin 46.04 -1.76 522 154 Dulmit 182 -2.35 156 152.30 0.5 36.1 More Supply 276 +4 276 157.57 0.5 34.2 Dulmit 106.50 -1.20 114.00 71 1.4 25.7 Date	
Section 124 - 1, 125 94.50 22 15.0 Confert 52.28 - 1,25 94,10 37.10 1.3 19.9 Read 124 - 1,75 52.0 19.0 Read 124 - 1,75 52.0 Read 125 82.0 Read	Fig. 1,843 422 2,1950 361 322.3 323.3 52740 1,40027 400 1,5001 405 1,500.1 94056 185,000 4 4 2,200 45 2,940 350.0 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
SopheA 276 +4 276 197.57 0.5 34.2 Ognese 106.50 -1.20 114.00 71 1.4 25.7 Olive SopheB 277 +6.65 281 197.04 0.5 34.3 Dr. Bath 36 -10 145 78 Profile	Fig. 1,843 4-22 2,0150 361 32 23.3 32-34 15,40007 4-01 6,500 2,405 1,5-30.1 Pention 185,000 44 6 2,500 4-52 240 150.0 2,300 1,9-25.5 Berkind 5,005 410 9,500 3,100 1,6 2-2 150 150 12,500 4 6 5,245 465 5,700 2,300 1,9-25 Berkind 5,005 414 5,339 1,005 1,2-2.2 1500 1,500 1,000 14,000 4 6 1
Byolf 375 -6 360 220 0.4 _ Sad FFB 328 -6 390 296 5.3 _ Salp FULLAND (For 15 / Max)	Fig. 1,843 4-22 2,950 361 32 233 3234 82461 4,9007 40 6,501 2405 1,5 50.1 Peddar 165,000 4 6 2,500 2500 15 2.5 12 50.5
Broth STS -5 980 220 0.4 Sel	Fig. 1,843 4-22 2,950 361 32 233 3234 82461 4,9007 40 6,501 2405 1,5 50.1 Peddar 165,000 4 6 2,500 2500 15 2.5 12 50.5
Broth STS -5 980 220 0.4 Sel	## 1,843
Broth STS -5 980 220 0.4 Sel	## 1,843 + 422 2,950 381 33 23.3 38740T 8,40007 - 40 5,950 2,405 1,5 50.1 Pendlan 185,000 + 46 2,800 1,5 50 2,5 50 1,5 7.2 Bendlan 185,000 + 40 2,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1
Broth STS -5 980 220 0.4 Sel	## 1,843 + 422 2,950 381 33 23.3 38740T 8,40007 - 40 5,950 2,405 1,5 50.1 Pendlan 185,000 + 46 2,800 1,5 50 2,5 50 1,5 7.2 Bendlan 185,000 + 40 2,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1
Broth STS -5 980 220 0.4 Sel	## 1,843 + 422 2,950 381 33 23.3 38740T 8,40007 - 40 5,950 2,405 1,5 50.1 Pendlan 185,000 + 46 2,800 1,5 50 2,5 50 1,5 7.2 Bendlan 185,000 + 40 2,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1
FINE AND (Apr 15 / Max) FINE AND (Apr 15 / Ma	## 1,843 +22 2,195 381 32 23 23 32 32 32 32 32 32 32 32 32 32
FINE AND (Apr 15 / Max) FINE AND (Apr 15 / Ma	## 1,843 +22 2,950 981 32-33 23-33 23-45 (4,0007 -40 5,950 130 1.4 62.4 Peddar 185,000 +4 6 2,950 230 1.9 2.5 Peddar 185,000 +4 100 9,950 130 1.4 62.5 Peddar 185,000 +4 100 9,950 1.5 72.5 Peddar 195,000 14 100 100 14 100 1
FINLAND (Apr 15 / Max) FINLAN	## 1,433 +22 2,150 361 32 232 32 32 32 32 32 32 32 32 32 32 32
FINLAND (Apr 15 / Max) FINLAN	## 1,433 +22 2,150 361 32 232 32 32 32 32 32 32 32 32 32 32 32
FINE AND (Apr 15 / Max) FINE AND (Apr 15 / Ma	## 1,843 +42 2,950 981 32 32 32 32 32 32 32 32 32 32 32 32 32
FINE AND (Apr 15 / Max) FINE AND (Apr 15 / Ma	## 1,843 +42 2,950 981 32-33 23-33 23-34 (4007 -40 2,950 130 14-25 17-36 185,000 +45 2,940 2850 1 - 20 25 8948
FINELAND (Apr 15 / Mars) FINELAND (Apr 15 /	## 1,843 +42 2,950 981 32 -3 283 2848 1,4007 -40 1,501 13 14 24 18 Baban 12,000 +4 10 1,500 13 13 14 14 15 50.1 18 Baban 12,000 +4 10 1,500 13 13 14 14 15 15 14 1 14 14 15 14
FINELAND (Apr 15 / Mars) FINELAND (Apr 15 /	## 1,843 +22 2,950 981 32-33 233 3243 14,9007 -40 2,900 130 14 22 1 76 2,900 140 1-20 1740 1355 13 27 23 5 1858 14 10 9,900 14 30 14 12 2,900 14 15 15 15 16 16 16 16 16 16 16 16 16 16 16 16 16
Final Ann (Apr 15 Max) Final Ann (A	## 1,453 +22 (200 961 33 28 23 87*# 1,400
Final Ann (Apr 15 Max) Final Ann (A	## 1,453 +22 (200) 987 13 22 33 87-98 1,400 7-90 (200) 2493 130 13 42 1 Pendin 185,000 + 40 2,500 2300 12 2 2 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1
FINE ARID (Apr 15 / Mars) FINE ARID (APR 15 / M	## 1,453 +22 (200) 987 13 22 33 87-98 1,400 7-90 (200) 2493 130 13 42 1 Pendin 185,000 + 40 2,500 2300 12 2 2 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1
FINE AND (Apr 15 / Mars) FINE AND (Apr 15 /	## 1,243
FINE ARD (Apr 15 / Min) Amer A 117 - 43 120 84.10 - 30.0 GeV	## 1,243
FIGURAND (Apr 15 / Miles) FIGURAND (Apr 15 / Miles) America 117	## 1, 1283
FOULAND (Apr 15 / Mate) FOULAND (Apr 15 / Mat	## 1, 123
FUILAND (Apr 15 / Mate) FOULAND (Apr 15 / Mat	## 1,120
FORLIAND Opt 15 Miles September S	## 1, 123
FORMARD (PQT 15 / Mides) America A 1177 - \$1 120 Mills 19 120 Mills 1	## 1.201 +32 2,000 ## 20 13 2.21 February 1.201 1.201 +1.201 1.201
FORLAND (PDT 15 Make) American A 1177	## 1,50423 2,506 get 13 23 1 24 5 24 5 25 24 5 24 5 24 5 24 5 24 5
FORLAND (PCT 15 / Mate) Amen A 1177 + 12 120 18.10 - 30.0 - 36.5 - 13 18.1 - 11.1 19.1 19.1 19.1 19.1 19.1 19.1	## 1,000 - 20 1,00
FORLAND OPC 15 / Main Amma A 1177 + 13 120 Main 2 500 - 680 1 102 + 101 12 27 15 12 24 5 5	## 1,000 - 100 1,0
FORLAND (PCT 15 / Mate) Amer A 1177 12 120 28.19 28.00 28.0	## 1,504
Figure 2015 / Male) Figure 20	## 1,000
Fill Author (PC 15 / Male) Fi	## 1,000 - 0.00 1.00 1.00 1.00 1.00 1.00 1.00
Figure 2015 Male) Figure 20	## 1.00
FORLAND (PC) 15 / Male) FORLAND (PC) 15 / Mal	1 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
FILLARID (PCT 15 / Idea) Amer A 1722 + 125 124 124 124 124 124 124 124 124 124 124	## 14 - 12 - 12 - 12 - 12 - 12 - 12 - 12 -
Fill And (1712 - 13) 120 Act 19 - 200 - 20	1.

USA 637) 45E.34 0.6 401.54 373.35 427.92 456.34 0.6 1.40 433.73 403.01 371.27 430.02 433.73 403.07 302.07 2

31

- T -

47% SIA RAM II Dah
Girle SI BIR DENGY P.
11 10% Samile Sar 17° 24% Samile Sar 18° 10% Samile Sar 18° 10% Samile Sar 18° 25% Samile Sar 18° 25

- 💹 -

| Wall Wall | Wa

- F -

- Q -

يتماثين فيدينون يتدينون عاباني المدينية والمائية والمتراث والمتراث والمتراث

1989 Law Stock
25, 25-4 Stock
25, 25-4 Stock
25, 25-4 Stock
26, 25-4 Stock
26, 27-5 Stock
27-7 Stock
27-7 Stock
27-7 Stock
27-7 Stock
28-7 Stock
28-7

A PRI New Common Common

Color Service Co

| The content of the THE CONTROL OF THE PARTY CONTR

- C -

India

Ingle Leve Shank

22'2 15 Dissipation

22'2 15 Dissipation

22'2 15 Dissipation

22'2 15 Dissipation

23'2 25' Dissipation

25' 27' Dissipation

25'

25. 40 ST | 10 ST | 10

THE PROPERTY OF THE PROPERTY O - R -Sign State Burners State Burne

17 11.5 (95)
17 11.5 (95)
17 11.5 (95)
17 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12.5 (95)
18 12 - ¥ -33% 40% W Gs 10.5 9% blanks 11% 10% blankschill 25% blankschill 25% blankschill 25% 25% blankschill 25% 25% blankschill 25% 10% blankschill 25% 10%

42 WAS bet and a state of the s

FI Free Annual Reports Service for canonical the current sense reports and it assisted quarterly reports of any companies on the US exchanges with a \$1000. To order reports thing determined Accept 1-804-32 0-8097 of the the names of the companies whose reports you want and far your request to intermedional Accept 1-904-320-8135. Reports will be sent the each working day, subject to availability. You can also order online at hitself were liables, construct the control of the control

- U -

0.80 1.5 18 955
0.20 2.2 32 165
1.20 2.2 32 165
1.20 2.3 30
0.55 1.2 35
1.00 7.4 6 55
1.00 7.4 6 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.00 7.5 55
1.

2 SOL STATE OF THE SOL

- W -

केंद्र अपने विकास Section 1 arayı, e -In the last one विकास क्षेत्रक स्थापन स्था स्थापन स्थापन

THE

BE OUR When you fly with us

- **E** -

15. The Claim of t

US 11 mages for US 244 more for 44 SE More for SE 44 mp for 11 SE MG and

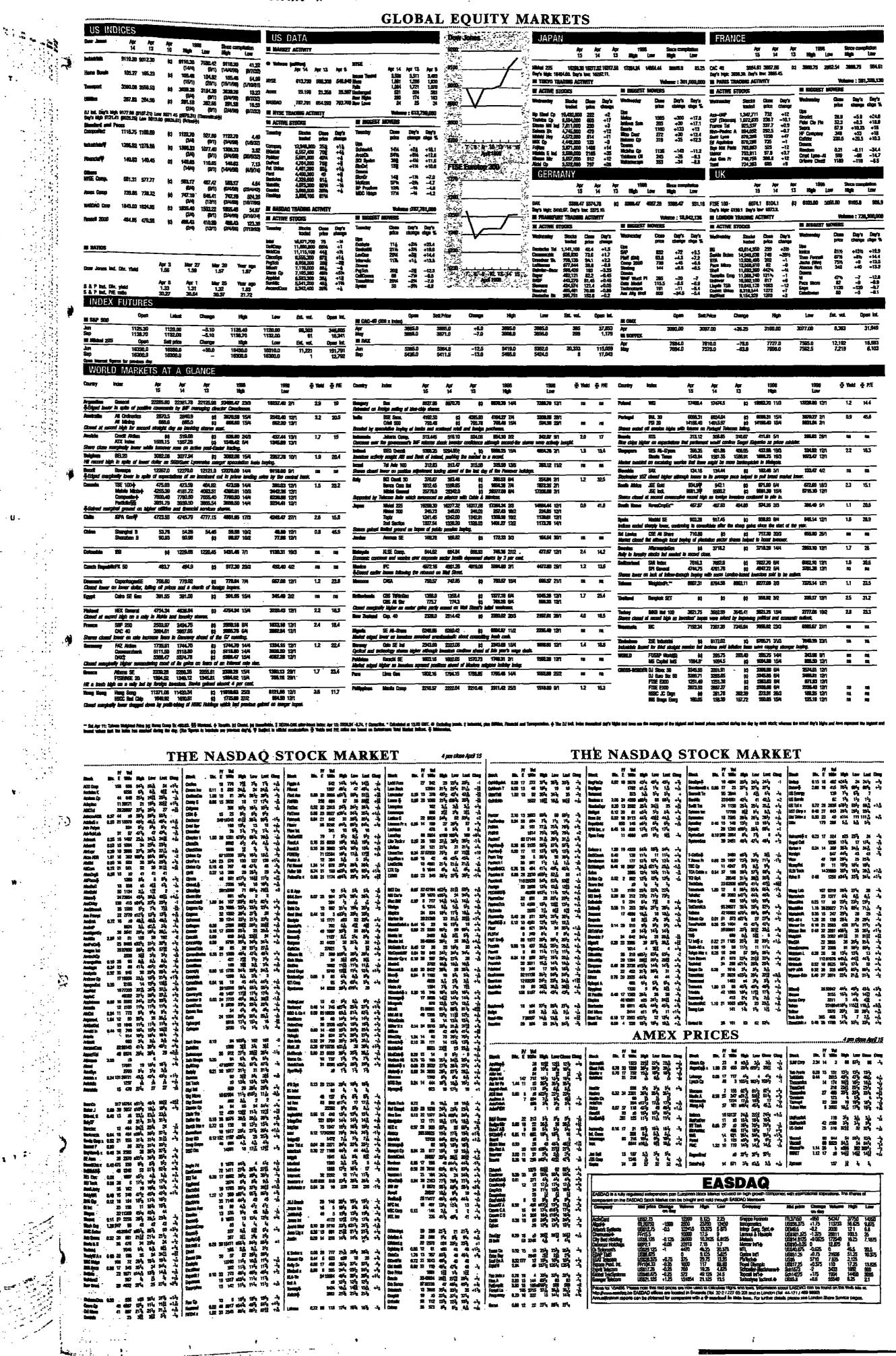
17. SET ACT Corp.
18. SET ACT 174, 9 MM Op 35 27 Cak has 45 Cak has 45 Cak has 45 Cak has 45 Cak has 184 Cap 27 Cap

er and the stand of the state o

.

....

U-



STOCK MARKETS

Wall Street's surge gives bourses boost

WORLD OVERVIEW

Wall Street's strength on Tuesday and at the opening yesterday gave some support the mood was restrained rather than jubilant, writes Philip Coggan

The Dow Jones Industrial Average closed above 9.100 for the first time on Tuesday and those analysts who premust be feeling quietly confi- cit with Japan and a stron-

ual corporate earnings overseas investors' confi- per cent gain was fuelled by going into Asia when the ment portfolios. They have announcements seem not to have been translated to the

The meeting of finance Seven industrialised nations focused attention on the US dollar/yen rate. The Japanese authorities intervened to support the yen last week. Continued weakness in the

yen would widen the politically-sensitive US trade defi-

dence in Japan.

But if the dollar weakens level of the overall market. against the yen, it might by the forestry groups. drop against the D-Mark as to world stock markets, but ministers of the Group of well and that would not be good news for European stock markets. Their recent bull run has owed much to dollar strength.

The momentum behind aged to reach all-time highs there is a lot more bad eco-

telecoms group Nokia ahead of a stock split - and are so buoyant.

Elsewhere, Australia and record-breaking runs with both countries.

The first-quarter Asian rally seems to have petered some fringe markets man- increasingly recognised that

European and US markets also been subject to their The recent mergers among

US banks have again high-South Africa continued their lighted the attractions of the financial sector. In fact, over financial stocks strong in the past 52 weeks, insurance stocks have been the best performers, not only in the FT/S&P World Index but in cial crisis. Utilities and European bourses meant out as investors have the European and Pacific regional indices.

Insurance groups benefit dent. Worries about individ- ger yen would help restore and Turkey. Helsinki's 2.5 case, they reason, why risk because of their large invest. Gur

own acquisition and marger wave, including Winterthur (with Credit Suisse) and

General Accident/Commerctal Union. In the Pacific region, the insurers' main attraction may have been defensive at a time of finanhealth care have been other

- Dublin, Finland, Greece nomic news to come. In any from rising stock markets London market, Page 30

Paris tracks dollar higher

Tech sector advances on earnings news

AMERICAS

US shares were higher by midday as Wall Street continued to sift through the latest earnings reports, writes John Labate in New

Trading was choppy during the morning session but the market turned broadly positive later in the day. By early afternoon, the Dow Jones Industrial Average had climbed 27.65 to 9,137.85 while the Standard & Poor's 500 rose 2.26 to 1,118.01.

Technology shares were the day's best performers, largely on a sense of relief after the release of earnings figures from Compaq Computer and Intel. The Nasdaq composite shot up 18.58 to 1,861.61. Small cap shares joined in the rally as the Russell 2000 rose 1.83 to

Intel and Compaq were the latest companies to release results after previously giving warnings that their firstquarter performances would come under pressure. Compaq's shares climbed \$1 } to \$27, while Intel rose \$1% to "Companies have been

skillful at guiding analysts to conservative earnings expectations." said Hugh

Johnson, chief investment officer at First Albany.

Among cyclical Dow shares, Alcoa gained \$1% to \$77% while Caterpillar gained \$1% to \$57%. Hewlett-Packard also rose sharply, up \$2½ to \$63½ after

Earnings announcements for the first quarter continued to pour in. Transport stocks were higher after such as chemicals, were American Airlines marked down after the dolannounced hetter-than- lar fell below DM1.80. The expected results, as well as the retirement of its chief

stronger dollar.

into record territory at midsession with the TSE-300 composite index gaining 29.87 to 7.810.40

Mexico City climbs

Wall Street and reversed earlier losses as US shares gained ground after a brief retreat. The IPC index rose 10.24 to 4,971.5. Some investors remained cautious on prospects that the Mexican government could slash this year's budget due to a decline in oil prices.

BUENOS AIRES lost marginal ground in spite of an index fell 6 to 12.264.

in other sectors, he said, recent economic reports have continued to dampen fears of rising inflation, while the latest retail sales report suggested that expansion in the economy was slowing. As a result, investors have been bidding up prices of consumer and basic cyclical stocks in the paper, steel and chemicals indus-

announcing a new product.

American's shares soared \$5% to \$152%. But Coca Cola slid \$1 to \$76% after it said its earnings were hit by the

TORONTO climbed further

MEXICO CITY mirrored improvement in sentiment following comments by during the first quarter. Michel Camdessus, International Monetary Fund managing director, over Argentina's IMF programme. The Merval index fell 1.3 to 675.91

amid limited activity. Profit-taking depressed SAO PAULO, although hopes of a rate cut underpinned sentiment. The Bovespa

EUROPE
Shares in PARIS closed with
gains after tracking the per-
formance of the dollar and
the CAC-40 index finished
16.95 higher at 3,884.61.
Suez Lyonnaise des Eaux
was among the strongest of

16.95 higher at Suez Lyonn was among th the index shares as analysts responded positively to its 1997 report and strategy presentation. The shares rose FFr47 or 4.7 per cent to a high for the year at FFr1,058.

Thomson-CSF and Dassault Electronique diverged sharply as investors asses the terms of the planned bid from Thomson for Dassault. Thomson closed FFr10.10 or 4.1 per cent lower at FFr238.70 while Dassault jumped FF59 or 9 per cent to FF1714. SGS-Thomson Microelec-

tronics added FFr20.50 to FFr461.50 on the back of better-than-expected Intel results and ahead of its own first-quarter data due today. FRANKFURT settled lower as export-sensitive sectors,

Xetra Dax index ended 8.74 weaker at 5,359.24. SAP was the day's big winner, however, with a rise of DM73 to DM897 in the wake of Tuesday's news of a 62 per

cent rise in first quarter

Mannesmann was marked DM26 higher at DM1,561 after the industrial and telecommunications group forecast a 10 per cent rise in sales and higher earning this

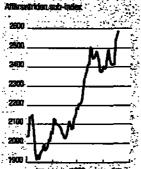
Deutsche Telekom was another winner, rising rose 43.06 or 1.2 per cent to DM2.40 to DM43.40 making Among the carmakers, BMW lost DM63 to DM2078

and Daimler Benz was DM3.60 weaker at DM191.40. Volkswagen bucked the trend picking up DM22 to

HELSINKI jumped 2.5 per cent to a record close, led by rallies in Nokia and the forestry sector. The Hex index

FI 6.90 to FI 285.40 while ING

Nokia rose FM21.20 to FM675 ahead of its two-for-



one share split today. The forestry sub-index climbed 4 per cent, with UPM-Kymmene up FM7.10 to FM166.60. STOCKHOLM also closed

at a record, led by forestry

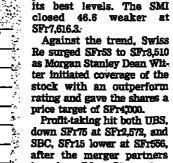
shares. The general index per cent, bolstered by a

sharp fall in March pulp inventory data released this week. MoDo rose SKr5 to SKr250 and Stora gained SKr3 to SKr138. Volvo rose SKr7.50 to

SKr265 on buying by US investors. The company has been making a spate of presentations to US and Euro-

FISE ACTUA	FTSE Actuaries Share Indices					European serie			
April 15									
National & Regional Markeis	Ecu Index	Dey's	change points	Yield gross %	xi ed (하	Total retn (E:24)			
FTSE Eurotop 300 FTSE Eurotop 100	1251.49 2673.83	+0.01 -0.46	+0.11 -13.34	1.85	5.50 -	1267.23			
PTSE Eurotop 300 Re	gioes .								
300 UK	1210.97	-0.43	-5.18	2.72	11.73	1244.02			
300 Ex-UK	1275.24	+0.24	+8.12	1.40	1,96	1280.63			
300 Euroblac	1253.39	+0.06	+0.85	1.57	2.25	.1260.64			
300 Ex-Exmission	1253.11	-0.04	-0.49	206	7.84	1274.86			
FISE Eurolop 300 Eco	nomic Group	5							
Resources	1017.81	+0.05	+0.81	2.68	3.82	1036.18			
General Inclustries	1181.91	+0.32	+3.73	1,72	5.42	1190.65			
Consumer Goods	1177.02	-0.94	-11.17	1.55	5.32	1195.23			
Services	1190.43	+0.36	+4.26	1.85	5.07	1205.19			
J ers ies	1338.99	-0.71	-9.62	3.29	1,84	1357-24			
Financials	1441.45	+0.26	+3.67	1.70	7.51	1458.27			

ZURICH ran out of stee late in the day as Wall Street's early performance, selling by London-based investors and a lower dollar Swedish Pulp and Paper. pulled the market back from



issued a mild profit warning AMSTERDAM closed marginally higher, although some financials rallied on hopes of a merger announcement. The AEX index rose 2.5 to 1,177.34.

added 70 cents to FI 139.40. However, profit-taking hit Fortis, the insurance and banking group, which fell Fi L4 to Fi 127.6 while ABN Amro lost 80 cents to F1 54.80 after its failed bid for CIC. the French bank. MILAN was supported by

Aegon, the insurer, rose

a rally in Telecom Italia and Credito Italiano. The Mibtel index rose 434 or 1.7 per cent to 25,776.

Telecom Italia closed up L15.473 on news of its alliance with Cable & Wireless. Banking shares firmed on merger speculation. Credito Italiano jumped L709, or 8 per cent. to L9.532. ISTANBUL closed at a

record high, boosted by easing interest rates and lower inflation and with financial markets reassured by government pledges that there would be no elections until next March. The IMKB National-100 index jumped 158.76 or 4.3 per cent to

ATHENS extended its cord-setting streak as continuing foreign demand forced domestic investors to chase stocks that they had sold earlier in the bull run. The general index hit a 72.93 or 3.2 per cent.

EMERGING MARKET FOCUS

Same roots but different routes

While Asia's economic problems are likely to dominate the International Monetary Fund's two-day spring meeting which starts today. Asia is probably the last thing on many fund managers' minds.

Asian markets have recovered from their lows over the past few months, with the most dramatic bounces in those which were worst hit -Indonesia has climbed 51 per cent from its low in mid-December while South Korea and Thailand have risen over 30 per cent in local currency terms. But the movements have been technical, and probably unsustainable.

The argument among ome stock pickers has been that the crisis might have brought out the differences between Asian markets, and stronger ones may be worth taking a closer look at.

While the roots of the countries' problems have been the same - a currency crisis leading to severe debt problems – the differences in the pace of progress in the L752, or 5.1 per cent, to IMF-led reforms has been stark. Kim Dae Jung, South Korea's president. has shown a commitment in economic and corporate restructuring as has the Thai government. Negotiations between Indonesia and

the IMF, meanwhile, have stumbled along, with confusion over last week's agreement leading to profit-taking on the Jakarta market. The difference in recovery in dollar terms seem to back such views. South Korea has risen 63 per cent and Thai-

land 87 per cent, while

14 per cent rise. ING Barings points out the differences in the extent of \$500m global bond and South the debt problems of the countries. Short-term debt as a percentage of GDP stood at market debt has become a pared with 32 per cent for Indonesia and 31 per cent for Thailand. Moreover, com-

Asian Tigers?

Mobe is persed

decirion liberal

Indrew Laylor.

pefore Power litte

south-east Asia, South Korea is at a more advanced state of development, it says. However, the correlation between Asian countries remains high and many fund managers regard Asia as one asset class. Ashok Shah, senior portfolio manager at

Old Mutual Asset Management, says regional factors account for 60 to 70 per cent of movements of individual markets. This may be partly to do with strong econom ties within the region about 55 per cent of trade in Asia is intra-regional. Regardless of progress in

reforms, the expected wave of corporate bankruptoiss and extra equity issues due to recapitalisaton make the short-term outlook for many Asian markets subdued. Moreover. medium-term prospects are hardly better as Asian economies depend on the recovery of Japan. says Charlies Brock, director at Foreign & Colonial. One development which

E. .

V: ...

000-

22

15-1."

34

Mr .

C:

100

in North

impes.

317

Tai⊥.

强力。

may help investors to assess Indonesia has only posted a risk is sovereign bond issues. Earlier this month. the Philippines issued a Korea placed orders for \$12bn of bonds. Emerging equity investors as well. says one analyst.

Emiko Terazono

Overseas demand sends Johannesburg to record

SOUTH AFRICA

Strong overseas demand sent Johannesburg to a sec-ond consecutive record close. The overall index finished 151.0 higher at 8,199.9 after peaking at more than

were both at record highs. The industrial index rose weaker at 931.9.

Foreign buying sent some blue chips soaring. Amic, South Africa's largest indus- per cent to R126.80.

Industrials and financials trial holding group, surged vere both at record highs. almost 18 per cent to R165 while Sappi continued its 175.1 to 9,681.3 but a weaker strong rally, rising almost 16 bullion price left golds 7.2 per cent to R28.65 on expectations that the world pulp price would rise by \$100 a tonne. De Beers jumped 11

Iscor, the iron and steel group, climbed R14 to R156 as the share made up for recent underperformance. Sasol, the oil refiner, rose R3.30 to R50.80 in spite of a denial by Industrial Develop-

Kuala Lumpur falls sharply

ASIA PACIFIC

Concerns about Malaysia's economic health and the outlook for the corporate sector sent KUALA LUMPUR blue chips down 3 per cent at the

The composite index fell 20.22 to 644.62 as news that Malaysia's consumer price index had shot up 5.1 per cent in March, while industrial production in February had slumped 2.2 per cent year-on-year, indicated that the economy could slow down faster than expected. Analysts noted that SCK Group, an interior renovation company, had this week put into receivership, as had

construction group Wembley

last month. Lists of companies believed to be in financial difficulties were said to be circulating around the market as investors speculated about other second board companies that might be candidates for receivership.

SINGAPORE tumbled on escalating worries that there might be more bankruptcies in Malaysia. Malaysian shares traded over the counter, together with banks and property companies led the slide.

The Straits Times Industrials index ended 17.61 lower 16,292.11 and 16,404.00. at 1.543.94, while the UOB OTC index, which tracks Topix index lost 1.15 to and TDK Y200 to Y10,870.



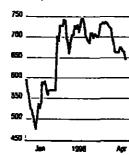
tumbled 2,13 per cent.

News that Standard and shrugged off

lian Tett in Tokyo.

with exposure to Malaysia average rose only 21.98 to

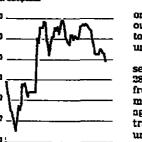




Poor's had lowered the public information ratings of four Singapore banks and affirmed two was largely

TOKYO rose slightly on

financial officials from the Group of Seven industrialised nations. The Nikkei 225 end at 16,299,30. During the day it moved between



mostly Malaysian shares traded over the counter.

hopes that the public sector pension funds would be allocated new funds for equity purchases today, urites Gil-However, trading was subdued ahead of the meeting of

on the first section, gainers outnumbered losers by 566

to 513, while 164 issues were unchanged. Volume on the Tokyo first section was an estimated 280m shares, up slightly from Tuesday's 260m but much thinner than the average last month. The thin trading largely reflected unease about taking firm positions ahead of the G7

meeting. In particular, expectations are rising that the G7 meeting will discuss Japan's ailing economy and may increase the pressure on Tokyo for radical measures.

Robert Rubin, US treasury secretary, said on Tuesday that Japan needs to revise its taxation system to allow for a permanent income tax cut. Rvutaro Hashimoto. Japan's prime minister, recently announced Y4,000bn of income tax cuts, but stressed these would be tem-

porary. Personal computer makers rose after a report that they plan to market new PC models loaded with the latest Windows 98 operating sys-tem in late July. NEC climbed Y7 to Y1.431. Fuiitsu Y14 to Y1,489, Hitachi Y13 to Y993, Toshiba Y17 ven to The more broadly based Y603, Sony Y120 to Y11.480.

1.241.45 while the OSE index ended at 16,753.97, up 62.71.

Of the 1,328 issues listed SYDNEY closed at a second consecutive record high as overseas investors targeted the banking sector. The All Ordinaries index climbed 29.6 to 2,870.5. Analysts said the mixed

tone of other Asian markets appeared to be prompting regional funds to shift money into Australia. At the same time, the recent spate of US banking mergers had raised the pros-

pect of mergers or acquisi-

tions in the domestic financial sector. HONG KONG was higher as HSBC rallied HK\$8 to HK\$247 in response to the latest bank mergers in the US. The Hang Seng index rose 78.32 to 11,420.34.

The optimism did not,

however, rub off on Hang

Seng Bank which dropped 50 cents to HK\$71. China Telecom fell 15 cents to HK\$16 on profittaking after it reported a 9.9 per cent rise in 1997 net

BOMBAY jumped 26 per

cent as bank shares surged

profit.

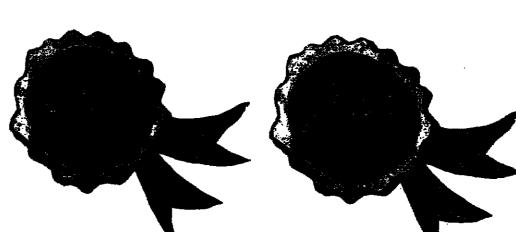
on prospects of higher profits after the Reserve Bank of India set easier valuation norms on their investments in government securities. The BSE-30 index climbed 106.57 to 4,192.50 as the start of the new account at the

National Stock Exchange

also triggered fresh specula-

record close at 2,339.28, up about 18 per cent for South valid indicator of assessing Korea in June 1997, com- macroeconomic risk for Written and edited hy Michael Morgan, Emiko Terazono and Peter Hall pared with countries in





this time by Moody's Investors cost growth control". Service, the renowned US This assessment confirms the

sector Pfandbriefe. Hypothekenbank in Essen AG its financial commitment on Report.

The Hypothekenbank in Essen has "sound financial funda- the obligation".

rating organization. The result mark of quality already given was unambiguous: the top to our Jumbo Pfandbriefe by

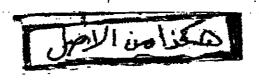
AG has again been assessed, mentals" and exercises "strict As if that wasn't reason enough for feeling first rate...

rating of "Asa" for our public- Standard & Poor's: the top Interested in finding out more grade of "AAA" for an "ex- about us? Just give us a call or According to Moody's, the tremely strong capacity to meet ask for a copy of our Annual



HYPOTHEKENBANK IN ESSEN AG

Gildehofstrasse 1 * 45127 Essen - Germany * TeL: +49 (0)201/81 35-0 * Fax: +49 (0)2 01/81 35-4 99 Internet: http://www.essenhyp.de ~ E-mail: essenhyp@t-online.de



FINANCIAL TIMES REVIEW

MARKET FOCUS

File word and Are the sign 33.00 3 4.00 B. H. C. Test young

PM #10 00 11 Acres 1

12

CONTRACTOR

 $t = 1.4945, \quad z_{t} = 0.5$

erster in der Bertonsterning

and the

ie roots but erent routes

Assn (Gago Action (Control of Control of Con

and of the

Pre land

11. J. 70.

13017

and the

Company.

1.25

5 1.50 Ag

∞ಕ್ಷಣ ಪ್ರ

....

Emiko Terme

1:00

1.11

of the

THE CO.

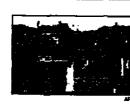
race were ve visiting



LIGHTING UP TIME Europe's electricity market opens up pages 1-5



IT'S A DIRTY JOB Polluters may pay in pursuit of Kyoto targets page 6



Caspian Black Sea Focus on a region emerging from war



GAS IMPLOSION As Asia crumbles, LNG looks elsewhere pages 10 & 11

Thursday April 16 1998

Europe is poised to flick the switch on electricity liberalisation but, reports Andrew Taylor, it may be some time before power filters through to the customer

Lights go on across Europe

A new light dawns for European Union electricity that some governments will grid and its own generating generators, suppliers and customers on February 19, 1999, when power markets in kets to competition. This 12 EU countries are due to could result in an unfair open for competition.

Member countries, under an EU directive signed in other EU countries while December 1996, must open at still largely protected in least 25 per cent of their their home market. electricity supply market to competition, rising to at least 33 per cent by 2003.

Only Belgium and Ireland have been allowed to delay implementing the directive for a year and Greece by two

Commission officials say the directive will lead to lower power prices for industrial and commercial companies cutting production costs and enabling them to compete more effectively in

But the measures will only Domestic consumers will have to wait for some years yet before they will be able to choose a new supplier. A Europe-wide electricity mar-

move faster than others in opening up the national marcompetition with some companies allowed to operate in

The directive permits individual governments a great deal of latitude on how they introduce competition; the wording representing a compromise between countries. such as Germany and Britain, which wanted greater competition and those, such as France, which sought to protect the position of powerful monopolies.

The directive offers two routes to wider competition: Negotiated third party access would allow customers to buy electricity freely benefit large customers. from domestic or foreign generators. A fee is paid to the distribution network for carrying the electricity.

 A single buyer system would be more restrictive. It lic service clauses". These

There are also concerns retain control of the national capacity as well as acting as an intermediate in contracts between independent generators and suppliers.

in the latter scenario, critics argue that a single buyer, such as Electricite de France, would learn the prices charged by competitors and undercut them.

EC officials insist such fears are groundless. They stress that large industrial would still be able to negotiate directly with independent generators.

The enforced separation of commonly owned transmission and supply operations. under separate managements with separate accounts, also would ensure transparency and fairness of treatment, says the Commission. In cases of abuse, it if the introduction of greater would have the power to force recalcitrant states to open their markets.

Another potential obstacle security of supply. Transitional arrangements to wider competition is 'pub-

competition can be shown to burning generators. Britain, power generation. conflict with environmental similarly is considering measures to protect what is left

of its coal industry. Consumer groups and proposed to protect German environmentalists are con-

provide incentives to coal dirtier and more expensive

British officials are just as concerned about developing fair competition. They have

ting prices and inhibiting

approaches to implementing result, "will have to become complained to the European the directive will lead to a international suppliers if Commission about the level multi-track European elec-

partner at accountants Price Waterhouse, "Our research half the utility executives across Europe, and particularly in the Netherlands, Italy, Germany, Ireland and Austria, believe that competition will be strong for large customers," he says.

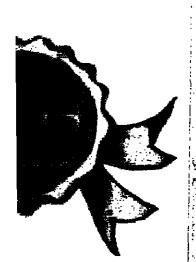
Liberalised markets, such as Britain and Scandinavia, will offer greater competition while in countries such as France the state controlled EdF will continue to dominate the market.

Most customers, outside the UK, will continue to be supplied by their state owned national, regional or municipal suppliers which will continue to control distribution networks.

As an interim measure, Germany is allowing its hundreds of municipally controlled local monopoly distributors to adopt single buyer status in a move which will make it difficult for competitors to break into these local markets.

But, the directive has opened a doorway to competition that can only get wider, according to Bob Turgoose, specialist on liberalising energy markets at Price Waterhouse. "Pressures from eligible customers may prove more powerful than the reluctance to embrace rapid liberalisation that characterises many governments and utilities," he says.

Mr Turgoose expects multinational companies to use their purchasing power to negotiate agreements covering all of their European The different country operations. Utilities, as a they are not to lose the



We bring energy to life.

Locked away beneath the surface of the Earth, there is an a supply of clean, efficient energy.

That energy is natural gas.

It is our business at BG to harness that energy, and release its potential.

We discover and explore the natural gas fields. We produce the We store it. We transport it. And we pipe it to homes and busin

We're exporting our skills and forming international partnerships.

And all the time we're doing one of the most vital, and one of the most satisfying jobs in the world.

Bringing energy to life.

Electricity: deregulation

UK • by Andrew Taylor

No tightening of reins of power

The first of three reviews has left the way open for further

liberalisation

One down, two to go. The first of three crucial reviews. expected to reshape competition in the UK electricity market, has been published without imposing restrictions which would inhibit further liberalisation.

Instead, the government's consultation paper on reforming utility regulation. is expected to stimulate a new round of takeover activity as electricity supply companies and others seek to consolidate their position in

Still looming are separate reviews of the country's fuel and electricity pricing policies, the outcomes of which will have a critical bearing on the role of the country's largest generators.

The Department of Trade and Industry and Professor Stephen Littlechild, the industry regulator, are investigating the operation of the wholesale electricity market in England and Wales.

Large industrial and commercial customers claim that the operation of the "pool" unfairly favours the two biggest generators. National Power and Power-

Government, mcanwhile, is considering whether a coal quota should be imposed on generators, to protect British mining jobs and prevent over-dependence on natural gas as a power station fuel.

The outcome of both of these reviews will be particularly important to National Power and PowerGen, which

of the generating market

and are the two beaviest coal burners.

A moratorium has been imposed on the construction of further gas fired power stations, favoured by smaller independent producers, until the fuel review is completed later this spring. They claim that a coal quota would

unfairly restrict competition. One potential hurdle to competition, however, has been cleared. The governreforming utility regulation, tained few proposals to alarm generators or suppli-

Most importantly, the current retail pricing mechanism of RPI minus X - with X determined by the industry regulator - is likely to remain in place. Proposals to prevent companies from making "excessive profits" by imposing a profits cap were watered down following opposition from the Treasury.

The paper, in the event, urged utility regulators to develop mechanisms to share excess profits when companies had "deliberately misled the regulator by providing incomplete or inaccurate information".

The companies also might have to share big profit increases with consumers when they have benefited from factors outside their control, such as sharply falling fuel prices, says Margaret Beckett, industry secretary.

City analysts describe the proposals as "limp" and the 'dog that didn't bark". They point out that most of the profit controlling mechanisms proposed by the green paper are already available to regulators.

"The green paper proposes refinements to the current regulatory structure but little significant change,"

lyst with SBC Warburg Dillon Read.

The most radical proposal says Pink, is to separate the supply and distribution elements of electricity licences which will encourage a new round of takeovers and joint ventures as companies seek to strengthen their position in the market.

Mark Spelman, global head of strategy for utilities ment's consulation paper on at Andersen Consulting, distribution businesses operating the wires - from the buying of and selling of electricity to customers will allow companies to unbundle and sell unwanted parts of their operations.

Several US owners of UK electricity companies angered by last year's government decision to impose a windfall tax and disenchanted by the low margins on electricity supply, are understood to be considering selling this side of their Top of the sellers' list is

thought to be the Atlantabased Southern group which is reported to be willing to dispose of all, or part, of South West Electricity for which it paid £1.1bn in 1995. Spelman envisages the

electricity industry reshaping around three distinct groups with some companies appearing in different sectors of the market. • The supply market is likely to consolidate around

three or four large companies, each with about 4m-5m customers selling a range of utility services including gas and water. This list is likely to include Eastern, United Utilities, Scottish Power and British Gas.

 A second grouping would include companies such as Hyder, Powergen and National Power which would seek to sell their design and



engineering skills in utility sectors in the UK and over-

• The third grouping would include vertically integrated operators involved in generation, distribution and supply, such as Powergen and

Gilbert Toppin, head of the utilities practice at Deloitte Consulting, says the move towards "multi-utilities" is already well established as increased use of gas as a fuel "has started a convergence of the electricity and gas markets".

The opening of industrial and domestic gas markets to competition has allowed electricity companies to start selling gas. Eastern Electricity has been particularly aggressive and is now the country's second largest seller of gas to the domestic market, behind British Gas. With almost 19m custom-

ers, Centrica, which trades as British Gas, is another large group seeking to expand its product range. It has signed up more than tion this April for the coun-15,000 potential electricity

"Some regional electricity companies have taken the convergence of gas and elec-

Battling for the utilities

operations," says Toppin. Norweb has joined forces with North West Water to create United Utilities: Hyder was created by merging Welsh Water and Swalec: Scottish Power, the Scottish electricity and gas supplier,

also owns Manweb the

Some 25m

choice

domestic users

are still waiting

Plans for the UK electricity

market to open to competi-

try's 25m domestic custom-

ers have hit teething

problems and have been put

The five month delay

reflects difficulties in devel-

customers to switch easily:

Company computers need

to talk to each other if confu-

sion is not to reign. Electric-

ity companies losing custom-

ers will want to make sure

that outstanding bills have

back until September.

between suppliers.

for freedom of

SUPPLY • by Andrew Taylor

Cheshire and north Wales Southern Water.

Size, says Ed Wallis, chairtricity supply one stage further by merging with water man of PowerGen, is important: "If companies want to be considered for large international projects, they must have big healthy balance

The generator, one of the first independent power producers in India, has made no keting alliance with Scottish secret of its desire to pur- Power while Tesco recently

There has been criticism

that electricity companies

have not sought a common

approach but have tried to

develop individual software

Gas suppliers, who are

already competing with elec-

tricity companies for domes-

tic gas contracts, are particu-

Roy Gardner, chief executive of Centrica, the indus-

try's biggest supplier which

trades as British Gas. says:

"Nobody who has partici-

emerged with any credit.

The performance of the

regional electricity-compa-

nies is nothing short of dis-

largest companies; using more than I megawatt of

electricity a year, have been

Some 5,000 of Britain's

oping the sophisticated com- pated in this issue has

graceful."

larly angered by the delay.

solutions. There are also sus-

picions of foot-dragging.

chase a regional electricity announced a deal with Norelectricity supplier and distribution and supply company, as soon as it is allowed by British authorities.

cial services companies have also been showing interest in the large customer supply bases of electricity, gas and water utilities.

Nov 95 . 1,800

7a±195 1.1 km

Dec 96

FB) 97

' · 1.1bo

1.730

The Automobile Association last year formed a mar-

The final phase of opening

tomers is due to be com-

up the market for domestic

pleted by June next year and

by next March for small

All domestic gas custom-

ers will be able to choose

their supplier by the end of

The introduction of compe-

tition for domestic users.

however, has not been with-

The Gas Consumer Coun-

dented" surge in complaints

in January from customers

"encountering problems dur-

They included grievances

over delays in opening and

closing accounts, unauthor-

ised transfers from old sup-

pliers and unethical sales

next month

out its problems.

their gas supplier".

web to give loyalty card points for gas payments.

J Sainsbury, the supermar British retailers and finan- ket group, and the financial services arms of Virgin and Halifax are also thought to be interested in forming marketing alliances with utilities.

Bankers and lawyers must be licking their lips at the prospect of yet more large

of gas and electricity suppli-

ers. "I do not want to see in

electricity a repeat of the

marketing problems in the

domestic gas market. Abuses.

will not be tolerated." he

Ofgas, the gas industry

regulator, has so far investi-

gated two electricity supply

companies - Eastern and

Northern Electricity - fol-

lowing complaints over door-

gas and electricity compa-

nies battle for market share.

New software systems also

Most analysts expect elec-

tricity and gas markets to

settle around three or four

large companies each sup-

ers with a range of utility

services. In the meantime

plying about 4m-5m custom-

Competition will remain

step selling practices.

cil reported an "unprece- fierce as former monopoly

ing the process of changing will take time to bed-in.

warily

الجزاج

Bergge 15 115 at Hurepe at tale hatte of a subsidies

""Ziga -

Service.

September 1

Tales and the

the Marine

a William Control

Something of the second

FINANCIAL TIMES

The world of energy information at your fingertips

In the increasingly competitive world of energy the need for reliable information is greater than ever. Over the past 20 years FT Energy has become recognised as the foremost provider of information to the international energy industries. Our reputation for accurate, comprehensive reporting and informed comment is second to none.

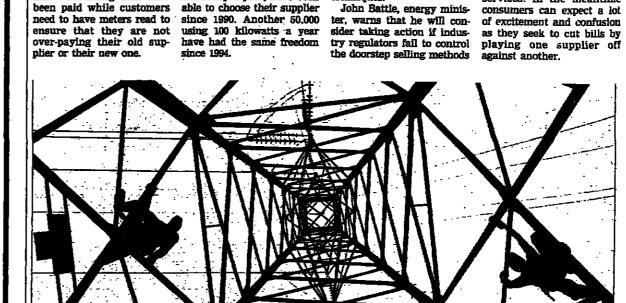
FT Energy produces a wide range of high value, top quality newsletters, management reports and directories serving all sectors of the energy industry, including:

- Power
- Oil and Gas
- Coal and Mining
- Nuclear
- Renewables Environment

Each publication is written and edited by an acknowledged expert in their field and draws on a network of international correspondents and often exclusive sources to provide news, comment and analysis not available elsewhere.

For further information on FT Energy's publications please complete this form and return it to one of the offices below: Address Post/am code Telephone FT Energy FT Laergy FT Energy Asia Pacific 159 Telok Ayer Street Singapore 068614 1320 Pearl Street Maple House 149 Tottenham Court Road State 300 London WIP 9LL Boulder CO 80302 Tel: +65 323 6373 Tel: +303 444 7789 Tel: +44 (0) 171 896 2670 Fax: +44 (0) 171 896 2275 Fax: +303 444 1286 Data Protection Act. The information was provide will be held by in and may be used to large you informed of FT and Pearson Professional Products and may be used to other reflected quality companies for making list purposes. Registered Office: Financial Times Because Ltd. Maple House, 149 Toutenham Court Road, funder to 17 94.1, England Registered No. 202281 VAT. Registration No.GB 278 537 121.

Web address: www.ftenergy.com



Lights go on across Europe

Continued from Page I large customers in their territories", he rea-

Big electricity companies, such as EdF in France, Ima-tran Voima (IVO) of Finland, Vattenfall of Sweden, RWE of Germany, PowerGen of the UK, Electrabel of Belgium and Endesa of Spain, are looking to spread their wings abroad, in the EU and in other countries.

EdF recently set the Austrian dovecote aflutter when it purchased a 25 per cent stake in Energie Steiermark (Estag) from the province of Steirermark. A second province's plans to privatise its electricity company were subsequently suspended.

Edf's European investments also include a 29 per cent stake in a combined cycle gas plant, Puertollano, in central Spain in partnership with Endesa and Iberdrola the Spanish utilities. RWE, the Frankfurt-based

gic stake in EDP the Portguese state controlled electricity company. Another potential Euro-

pean predator is Tractebel, the Belgian group which owns 39 per cent of Electrabel, the country's largest electricity producer. Tractebel, which controls more than 11,000 MW of capacity in 16 countries outside of Belgium, almost as

inside Belgium, would like to merge with Electrabel. Tractebel itself is controlled by Suez-Lyonnaise of France and a deal with Electrabel would mean diluting the Suez Lyonnaise stake to

much as Electrabel owns

less than 50 per cent. Governments in countries such as Austria and the Netherlands are fearful of a foreign invasion into local power markets.

Ivo of Finland and Vattenfall of Sweden have been very active with Ivo recently increasing its controlling utility is currently favourite interest in the Swedish to take a 4.5 per cent strate- uitility Gullspangskraft.

IVO was recently chosen ket tentatively begins to by the Irish government to open to competition. build the first independently operated power station in that country.

Large groups, such as IVO. encouraged by governments, are looking to create multiutilities by merging with other oil and gas groups, leaving them with powerful balance sheets to pursue interests abroad.

IVO, supported by Finland's trade and industry ministry, is planning to merge its power generation activities with Neste, the Finnish oil and petrochemi-

Italian authorities are looking at ways in which Enel the state electricity company and ENI the statecontrolled oil and gas con-

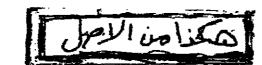
glomerate might collaborate. Enron, the US energy group and a growing independent power producer in European markets, is one of several US groups which have formed joint ventures

But liberalisation may be impeded by authorities already nervous at the prospect of foreign takeovers of their power industry.

The Netherlands, for example, has proposed a plan to merge the countries four biggest electricity producers - EPON, EPZ, EZH and UNA - into a single. large company Grootschalig Productie Bedrijf (GBP), to

compete with larger French , Belgian and German rivals. Governments in Austria and Denmark have not been above placing obstacles in the way of foreign investment in local power produc-

Pressure on public sector finances, however, means that the move towards greater privatisation and competition, although it may be fragmented and slow at first, is likely to gain momentum. The larger generators are already jockeying with Enel as the Italian mar- to improve their position.



Electricity: fuel

NUCLEAR • by Stefan Wagstyl

Enduring power of survival

The need to meet emissions targets may see the industry rehabilitated

The palace Arragan

Some 17 years after a referendum vote to abandon nuclear power, the Swedish government has ordered the closure, in July, of the first of its 12 reactors. But, even at this late stage, there are complications. Sydkraft, the power company which operates the reactor, has appealed to Brussels arguing that the closure order flouts-**European Union competition** law by giving unfair advantage to Vattenfall, the state-

owned power generator. The argument highlights the difficulties in implementing policy changes in the EU in the sensitive field of nuclear power. The opposing are ranged against each other in attitudes of mutual suspicion. Just as the indus-

new reactors, so its critics have an equally hard time reversing past developments. An uneasy status quo per-

Sweden is a special case. In the industry's heyday in the 1960s and 1970s, the country was among the most enthusiastic proponents of nuclear energy and allowed the industry to expand to the point where it supplies fully 50 per cent of its electricity.

But the very strength of the pro-nuclear lobby generated a powerful counterforce which resulted in the 1980 referendum. And, six years before the Chernobyl fire, Swedes voted to abandon nuclear power by 2010.

And the arguments which rage in Sweden are familiar British Nuclear Fuels, the in most European countries with the protests the indusforces of the supporters and try generated reaching a cre-opponents of nuclear energy scendo in the aftermath of scendo in the aftermath of Chernobyl.

Opposition is less vocal in the 1990s than it was in the French nuclear power has

ble to advance by building France and the UK have even dared to put their heads above the parapets with television advertisements promoting nuclear power. Equipment manufacturers - notably Siemens in Germany and Framatome in France - have talked a little more publicly than before about a new generation reactor · the European pressurised water reactor (EPR) planned to come on stream when existing plants become

too old to run. Nevertheless, anti-nuclear lobby groups watch the industry like hawks. For example, in the UK the government has been unable to settle upon a permanent solution for the disposal of nuclear waste at the processing plant run at Sellafield by state-owned fuel and waste processor. In Germany, protestors seek to block rail transports of nuclear fuel. In France, the public's tradi-tional faith in the quality of

versial report, published in the British Medical Journal children who visited beaches near the vast fuel processing plant at La Hague, near Cherbourg, northern France, were more likely to develop leukaemia than those who did not. The report's findings are disputed, not least by the industry, but the damage to public confidence has been

Notwithstanding Sweden's efforts to close reactors, the industry is too big to be wished away, as some of its critics would want. About 140 reactors produce about a third of the EU's electricity. It employs about 400,000 workers, many highly skilled and well paid.

However, the industry can shift in public sentiment on a scale which, today, seems unimagineable.

Firstly, as existing plants

try finds it almost impossi- 1980s. Nuclear generators in been disturbed by a contro- choices between closures and modernisations. The industry's critics might well last year, suggesting that prefer closures but, in some cases, they might be persuaded that modernisation, including the latest monitor ing and safety equipment, could be a better option than confronting the environental challenges of decommis-Plants built in the 1960s

are already approaching the end of their working lives, although these can be extended through refits. But the issue will become increasingly urgent in the years 2005-2015 when reactors built in the peak years of the 1970s and early 1980s are due to reach the end of their design lives.

The second current running in the industry's favour only hope to grow signifiis, paradoxically, concern cantly from this base with a about the environment. The pressure to reduce carbon dioxide emissions out of fear a year of CO, which would unlikely but is not entirely about global warming is pushing governments to tricity were generated using seek alternatives to burning the mix of fossil fuels curage, the industry will face fossil fuels. But few of the rently employed.

enviromentally. as solar or wind power have yet demonstrated they can make anything more than a marginal contribu-

Nuclear power produces very toxic wastes but no CO. emissions. The European Commission calculates that existing nuclear plants avoid the emission of 700m tonnes be produced if the same elec-

friendly technologies - such a 15 per cent reduction in nuclear enthusiasts. If the greenhouse gas emissions opposition Social Democratic from 1990 levels by 2010. It Party wins the elections due has not specified how the targets could be reached let they, too, are expected to alone detailed the role which have a greener hue than the nuclear power might play, current administration. The However, it is hard to envisage how the targets could be unitted itself to a phased aboreached without preserving, if not enhancing, nuclear energy output.

With the British Labour their predecessors they are than before.

The EU has set a target of unlikely to become ardent in Germany later this year, SPD has, in the past, com-

lition of nuclear power. So, even if the nuclear industry has a stronger case for its future development government and the Social- than 10 years ago, the politiists in France both claiming cal climate in which it must to be more "green" than make that case is no easier

COAL • by Andrew Taylor

Treading warily in the mines field

Governments are digging in in a Europe-wide battle over subsidies

Britain is talking tough on Preussag Anthrazit which coal. Ministers say they are considering blocking subsidised continental European imports as part of a package of measures to protect what is left of the country's mining industry.

establish a core market for British coal among domestic electricity generators could be neutralised if imports from heavily protected continental producers are sucked

British coal industry officials have warned that as many as seven pits, and 5000 jobs, could be lost when concessionary coal contracts negotiated with domestic generators end in July.

Geoffrey Robinson, the paymaster general, is considering a range of options, to assist the industry to replace these orders. A moratorium has been imposed on construction of gas-fired power stations while government conducts a review of fuel

imposing a coal quota on electricity generators, restricting permits for new gas-fired power stations or limiting further open-cast

More likely is that government will seek to provide a modify plans to phase out "base-load" market for the subsidies by 2005 after min-UK as part of a review of the country's complex wholesale electricity trading arrangements, known as the pool.

The degree and type of assistance being considered may be different but the British government, like its German and Spanish counterparts, seems likely to provide some form of support for a politically sensitive, deep-mined coal industry in long-term decline.

Deep mines, where coal is difficult to extricate, compete against natural gas and nuclear power generation but also with the large opencast coal exporters, such as the US, Australia, Indonesia and Columbia. Environmental pressures also threaten high sulphur content coals. such as in the UK.

British hackles, however, have been raised by the scale of the measures taken by European governments to protect their mining industries which John Battle, energy minister, blames for blocking British exports.

British mines, whose production costs can be one third of continental European costs, face closure due to a lack of markets while beavily subsidised mines. particularly in Germany and Spain, continue to operate."

he says. Britain has lodged a formal complaint against the state assistance given to European Commission and problems of what to do Spanish mines with the German subsidies expected finding, will not go away. is now setting its sights on

to amount to more than £3bn this year.

It has also written to the Commission raising British concerns about the financial arrangements of the planned merger between Ruhrkohle Berghau, Saarbergwerke and will create a single German coal mining company, Deutsche Steinkohle.

Questions surround the transparency of accounts in the new coal giant and the potential difficulty of tracing They fear that efforts to state aid, as well as fears over the economic weight of the merged enterprise.

Officials want to ensure there is no illegal subsidy in the symbolic 1 Deutsche mark price Ruhrkohle is paying for the Saarberg werke assets, owned jointly by the federal government and the region of Saarland. Guenter Rexrodt, German Economics Minister, dis-

misses the British protests. "The British government is apparently reluctant to award new subsidies. But it cannot expect German tax payers to save British jobs at the expense of German

ones," he says.
"The real reason for the British coal industry's prob-lems is that the privatised coal sector cannot even com-Possible solutions include pete in its own market against gas and imported

> Attempts by authorities to reduce state aid have proved to be problematic. Helmut Kohl, the German Chancellor, was forced last year to ers from the Ruhr and Saar coal belts laid siege to Bonn's government quarter.

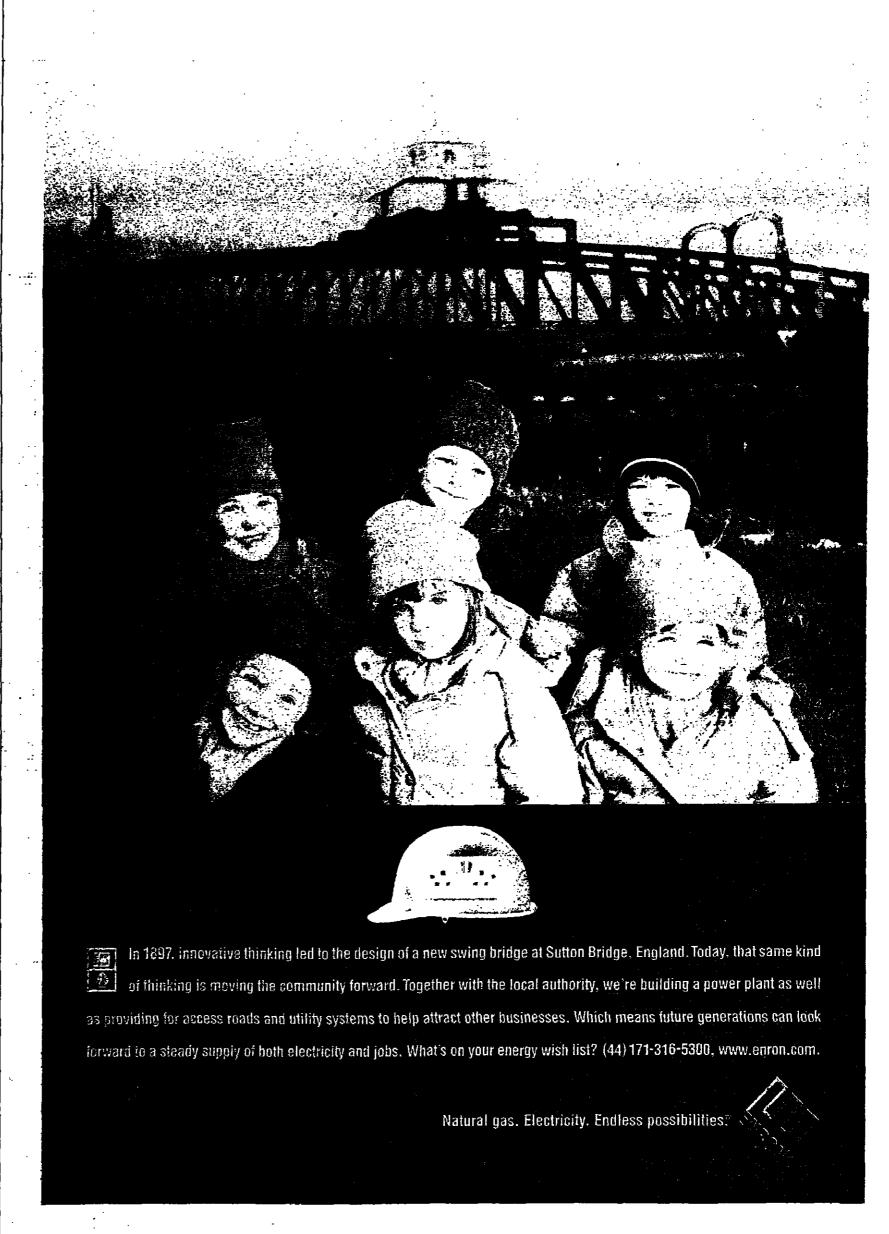
The extent of cuts in the earlier years of the programme were substantially reduced with the result that subsidies of DM9.25bn (£3.05bn) this year will fall only to DM8.5bn by the turn of the century.

Gerhard Neip, president of the German Coal Mining Association and chairman of Ruhrkohle, says reduced subsidies will lead to substantial job losses as pits are forced to close. The industry has estimated that its workforce will fall from current levels of 76,000 to about 52,000 by 2002.

Job losses will also take place in Spain where a revised plan to cut output at the state owned Hunosa and Minas de Figaredo companies was only agreed in January after a violent onemonth strike in the northern Asturias coalfield.

The proposals call for a reduction in employees from 9,800 to 6,500 by 2001. The government originally set a target of 7,000, which the EC demanded be lowered to 6,000.

Annual coal production is to be lowered to not more than 1.8m tonnes compared with current output of 2.5m tonnes and an original Spanish target of 2.1m tonnes. The EC has insisted output be cut to 1.5m tonnes. The about coal, as the British are





Europe

Electricity: European Union

RENEWABLES • by Michael Peel

The courage to leap into the light

Political will is needed to match action to fine words across Europe

State-of-the-art hardware sits incompruously with the uniformity of the desert at the renewable energy development centre in Tenerife. The sandy gully which serves as a demonstration area is littered with distorting mirrors, gleaming silver solar dishes and wind turbines resembling space causales.

This collage of technology in the wilderness represents well the position of renewable energy in Europe, Less then 6 per cent of the energy Union is generated from sustamable sources. And most tovernments have given little financial or legislative opment of renewable meth-

ons of energy generation. Politicians, who think of renewabies as a risky investment and a marginal source of energy, are unlikely to

Although many governments acknowledge that able energy strategies. mvestment in renewable energy can bring long-term economic, social and enviconmental benefits, deregulation obliges companies to concentrate on cost-cutting eather than planning the development of alternative nothors of power genera-

There are signs in the UK that this process has already begun. A recent Financial Traics survey revealed that only two of the 14 regional prime offered special prices trom renewable sources.

The corporate policy con-trasts with the attitude of renewables, however appealthe European parliament. which last year set out a puter models and estimates. strategy to double renewable energy usage by 2010 via an increase in total energy investment of 30 per cent, or Ecu74.1bu.

The European Commission sees renewable energy as an about it in the wrong way." essential part of Europe's effort to achieve the reductions in greenhouse gas emissions agreed at the climate conference in Kyoto In

The parliament envisaged a sixteenfold increase in the use of wind power, a hundredfold increase in the use of photovoltaics, a threefold increase in the use of biomass and a fifteenfold increase in installed solar collectors. It predicted that doubling the share of energy from renewables could lead to the creation of an Ecul7bn export business by 2010 and to the net creation of at least 500,000 jobs over

But there is no sign that Europe's energy companies are taking particular interest charge their minds as in the plan. The parliament's thrope's electricity markets target is not legally binding open to competition next and there is little incentive for the companies to think seriously about their renew-

the same period.

Eufores, a lobby group for renewable energy, was unable to attract a single power producer or distributor to its conference in the Canary Islands in January. Without them, as Carlos Robles Piquer, president of Eufores, conceded: "We are preaching the gospel to people who already believe

Mr Robles Piquer's biblical analogy is appropriate, for the widespread adoption of electricity distribution com- renewable energy requires a leap of faith which politifor electricity generated clans across Europe do not appear prepared to make.

ing are all based on com-As John Gummer, former UK environment secretary. puts it: "It is an area that is moving very quickly and one in which governments can lose a lot of money if they go Not all countries are as cautious as the UK, which generates a mere 0.7 per cent of its energy from renew-

from sustainable sources. But it is not only political unwillingness that has stifled the development of sustainable methods of energy generation in the UK and other northern European countries. They have fewer natural sources of renewable energy - southern Europe enjoys more sun and the harness geothermal energy.

ables. Sweden obtains more

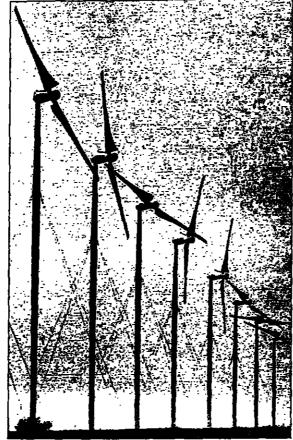
than a quarter of its energy

Densely populated countries, such as the UK, are also less suited to other important methods of renewable energy generation. The latest low-noise wind turhines still hum loudly Ecucents per kWh for conenough to annoy anyone living in the vicinity. Wind farms, like hydroelectric power stations, are unwelcome visual additions to undeveloped areas. But these effects could be

mitigated. Wind farms could be built offshore. Hydroelectric power schemes could be switched from rivers towards wave power projects in barren coastal areas. But these environmental concerns are trivial com-

pared with the pressing need

to lower the cost of renewable energy generation. An EU-funded study estimated the following average costs for electricity generated by renewable methods: photovoltaic (PV)32.50 Ecucents per kWh: hydroelectric The investment would lower



Ill wind: Europe's renewable sector is not arowing as it might

8.25; geothermal 7.00; wind energy 5.79; biomass 5.50. Those rates compare with a minimum cost of about 4.5 ventional power production.

The costs of generating power via PV, wind and bio mass have decreased significantly in recent years. The parliament envisages that the cost could be lowered still further by increasing use of renewable energy, due to the development of economies of scale.

There are mechanisms which could allow this to tries. happen even in the context of the deregulated electricity market. Rolf Linkohr, a speaker at the Eufores conference, said private investors could pay into an EUwide renewable energy fund and receive a premium for the electricity produced using sustainable methods.

production costs and could be targeted at countries where renewable energy was

But Mr Linkohr acknowledged that his idea would be opposed by power generators eager to protect their market share from the threat of renewable energy producers. As several delegates to the Eufores conference pointed out, the countries which have made the greatest progress on renewable energy have never had influential coal or nuclear power indus-

Until national governments confront those vested interests and make policies to support their fine words about the need for renewable. energy, the pressure to deliver power at the lowest possible cost seems likely to occlude all other considerations. Renewable energy will remain an insignificant contributor to Europe's prodigious energy needs even as politicians wring their hands

environmental effects of burning of fossil fuels. As Hjalmar Arnason, a member of the Icelandic parliament, puts it: "Many beautiful words have been spoken (about renewable energy) but we always come to the same conclusion - we must do something. But

what has that come to?

in concern at the disastrous

hetween Eli states. prices and a more competitive EU indus

> Within 18 months of helped steer EU ministers to a compromise forcing each member state to open a minimum percentage of its electricity market to upetition – but allowin And many states are

minimum require "I am very optimistic that the market itself will make a strong push," Mr Papoutsis says. "I am sure that by the end of the century, 50 per cent [of the EU electricity market] will

be liberatised."

PROFILE Christos Papoutsis:

Europe's power broker

The European Enion's affable and quietly-spoken energy commissioner Christos Papoutsia, allows himself a rare moment of immodesty when talking about liberalisation of the RIPs energy markets.

After Emu and letion of the single market in goods and open BU electricity and gas to competition will, he predicts, be listed among the most important achievements of the cur-

I really believe these eces of legislation were absolutely essential to completing the single ... market," he says. "They were two of the big sses of the Commission of President

Jacoues l'Santer." An economist by raining, former advis the Greek government on public administration and a Greek Socialist MEP for 18. years. Mr Papoutsia arrived at the Commission in January 1995 without a background in energy to be plunged into one of th KU's most sensitive

Rnergy liberalisation. under discussion since 1988, had been stalled by fundamental differences Pro-liberalisers, such as UK. Scandinaviz and Germany, argued it would lead to cheaper emergy Opponents, led by France argued energy was a strategic resource demanding long-term investment and planning too sensitive to be left to

taking office, Mr Papouisis those wanting to go further

Although each state is initially required to open only 25 per cent of its rket to competition. rising to 33 per cent by 2003, Mr Papoutsis says Finland, Germany and Sweden are committed to ping 100 per cent; the UK will soon be at 100 per cent: Denmark is

committed to 90 per cent; Luxembourg to 40 per cent; the Netherlands to 32 per cent, rising to 100 per cent by 2007; and Spain to 30 per cent, again rising to 100 per cent by 2007.

The commissioner expects the same with gas **Eberalisation.** Ministers eached agreement - still to be approved by the European Parliament - last December requiring unber states to liberalise at least 20 per cent of their markets, rising to 28 per cent after five years and 33 r cent after 10 years. Gas liberalisation should. in turn, help reduce

electricity prices, by allowing gas fired generators to shop around for supplies. And Mr Papontsis believes market forces will once again push the pace, confounding critics who suggested the two agreements were weak

"I said from the very beginning, let's get an for a small opening of the market, because market forces will themselves force As well as opening the EC's internal market to competition, the directives will increase opportunities for external producers to supply the EU. While this poses new challenges for EU energy groups, it will promote diversification of

element of EU energy policy, which places a high priority on gnerentesing security of supply Countries, including Russia – already an

important gas supplier to the EU - have expressed interest in becoming appliers of electricity. External gas suppliers, uch as Russia and Norway. initially concerned that gas liberalisation threaten disrupt their relations with EU customer countries, have now accepted that the agreement is an

opportunity rather than a threat. Mr Papoutsis adds. Liberalised EU gas and electricity markets will also provide opportunities for US investors.

"From the strategic point." of view, it is crucial not only to have good relations with existing suppliers but also to open other ways and other routes for transportation of energy, from other countries of the world." Mr Papoutsis says. The main principle is ...

security of supply." **EU** energy liberalisation reflects a trend towards. globalisation of energy markets, as demonstrated by this mouth's first G8 energy summit in Moscovi While the meeting was more about debate than decision-making, Mr Papouisis suggests "the important thing was that people got together to talk; for the first time".

The commissioner will. continue efforts to pui energy at the heart of EU policy-making. He failed in attempts to get an "energy chapter" inserted in the EU's Amsterdam treaty last summer, as the legal base. for all future energy policy - which currently relies on a variety of legal bases scattered throughout the BU treaty, instead, Mr Papoutsis is trying to persuade ministers to adopt a new energy framework programme, pulling

together all policy strands. "It was a mistake not to in the treaty," he says. 'Energy is one of the biggest industries, and touches every citizen. But within our limited capacities, we must develop a more coherent approach.

Neil Buckley

Our track record is very much like

Linford Christie's.

Consistently brilliant.

Bharat

Petroleum

FOR YOU, FOREYER

Bharat Petroleum has an annual turnover of 5 inland installations, 2 lubricant plants and over Rs 1,79,000 million. This makes us a refinery with over 120% capacity utilisation the second largest public sector oil for the past four years. What's more, we

reflects in many things. We have been consistently paying our dividend since inception. Our share price - a Rs 10 share is quoted at Rs 440. And our presence in the country-4376 retail outlets, 1162 LPG distributorships, 68 bulk depots, 8 coastal installations.

marketing company in India. Our position have even more exciting projects lined up.

For instance, we have 3 joint venture refinery projects, joint ventures in LNG and power. We also have 3 major crosscountry pipeline projects. So if you are looking at investing or doing business with an oil company in India, look no further than Bharat Petroleum.

ENERGY PRICES • by Frank Gray

Bleeding self-inflicted

The oil exporting countries' failure to enforce quotas is costing them dear

The world's oil industry is in a dilemma: according to analysts, not since the 1950s have oil prices been so low and never has production been so high.

This is taking place against an impending recession in many Asian nations. such as Indonesia, South Korea and Thailand, and a slowing down of economic growth in many of the leading countries of the Organisation for Economic Co-operation and Development (OECD).

With oil prices having lost roughly half their value in the last 18 months - North Sea Brent is hovering at around \$13 per barrel against \$24 in late 1996 margins have been cut to the bone, rendering much oilfield development technically unprofitable.

This has added to the woes of gas field developers who, for years and with little success, have been pushing for a decoupling of gas prices that incipient demand for the future" would make prices may have firmed up. major gas field development

The oil price crisis is being closely watched in Iran, where Total of France hopes to develop the giant South Pars gas field with the help of Pebonas of Malaysia. Equally, watchful glances

are being cast from indonesia, where Esso and Mobil of the US and Pertamana, the indonesian state oil company, are in the early stages of developing the Natuna gas fields, the largest in

It is estimated the field agreed to reduce output by 1.24m barrels a day, or 4.7 will cost \$42bn to fully develop and Natuna already per cent of the group's total needs all the luck it can get output. Opec accounts for given that it is saddled with about 40 per cent of global high carbon dioxide content output of more than 70m gas, which will add to its barrels a day. The move was production costs. But, with reinforced by non-Opec 46.7m cubic feet of proven members, such as Mexico and probable reserves, or 41 and Norway, which promper cent of all Indonesia's ised cuts of 360,000 barrels a gas reserves, the investment should prove worthwhile. After a brief bounce-back, An official for Pertamina, prices have steadted at low levels, suggesting that the

the Indonesian state oil company, says that present prices mean Natura is simply uneconomical. Fortunately, full construction does from oil prices in the hope not start for another year and first output is planned gas as the so-called "fuel of for 2003, by which time gas Most analysts agree that the crisis stems from a self-indicted wound by the Organisation of Petroleum Exporting Countries (Opec), which has turned a blind eye

> including Venezuela. current price crisis.

to quota-breaking by member countries, most of them in the Middle East, but Last November it formally lifted quota levels, thereby

allowing the market to be flooded and precipitating the In an attempt to put the brakes on, Opec recently

some time to wait before margins widen. This has once again raised the question of Opec's viability as a price-fixing cartel with such heavyweight members as Saudi Arabia, which, at 9m barrels a day, accounts for nearly 13 per cent of global oll production. Sheikh Ahmed Zaki Yamani, the former Saudi oil minis-

oil and gas giants will have

ter, recently conceded that Opec is on the verge of col-"All that is missing is the finishing stroke," he says, adding that the organisation has not fully recovered from the big fall in oil prices 12

years ago (when Arabian light/Dubai tumbled from \$27.53 per barrel to \$12.97 per

Sheikh Yamani believes cut production was not enough and that the cutback should have been three or

in spite of the savaging of the previously high-growth Asian market, demand for crude will continue to grow. reports the International Energy Agency, the energy

arm of the OECD. Last year, global demand was 73.5m barrels a day, up 2.5 per cent on the previous year. The IEA predicts that this year, demand will increase by 2.2 per cent to 75.im barrels a day.

According to the IEA, Asia/Pacific's demand soared by 5.1 per cent in 1997 over 1996 to 18.6m barrels a day. just behind that of world leader North America at 20.7m. But the IEA sees these figures, excluding China, easing to 2.6 per cent this year over 1997.

China, so far having escaped the currency collapses of its neighbours. remains at rapid growth with a rise in oil demand of 7.7 per cent anticipated this . year over 1997, when growth soared by 10.1 per cent over the previous year.

"A mild start to the year has led to weaker than anticipated demand in all of the large oil-consuming countries of the OECD," the IEA reports in its latest monthly

. . . .

"These downward adjustments have been somewhat offset by a partial reallocation of Chinese deliveries from the latter half of 1997 to the first part of 1998 to more closely reflect underlying demand patterns. Global demand is now projected to increase by 1.6m barrels a day in 1998 commared with L8m barrels a day in 1997." Frank Gray is editor of

Mindain.

A TEMPS OF STREET

ower broker



Property of the second second

And a security of the control of the group and the control of the group and the control of the c

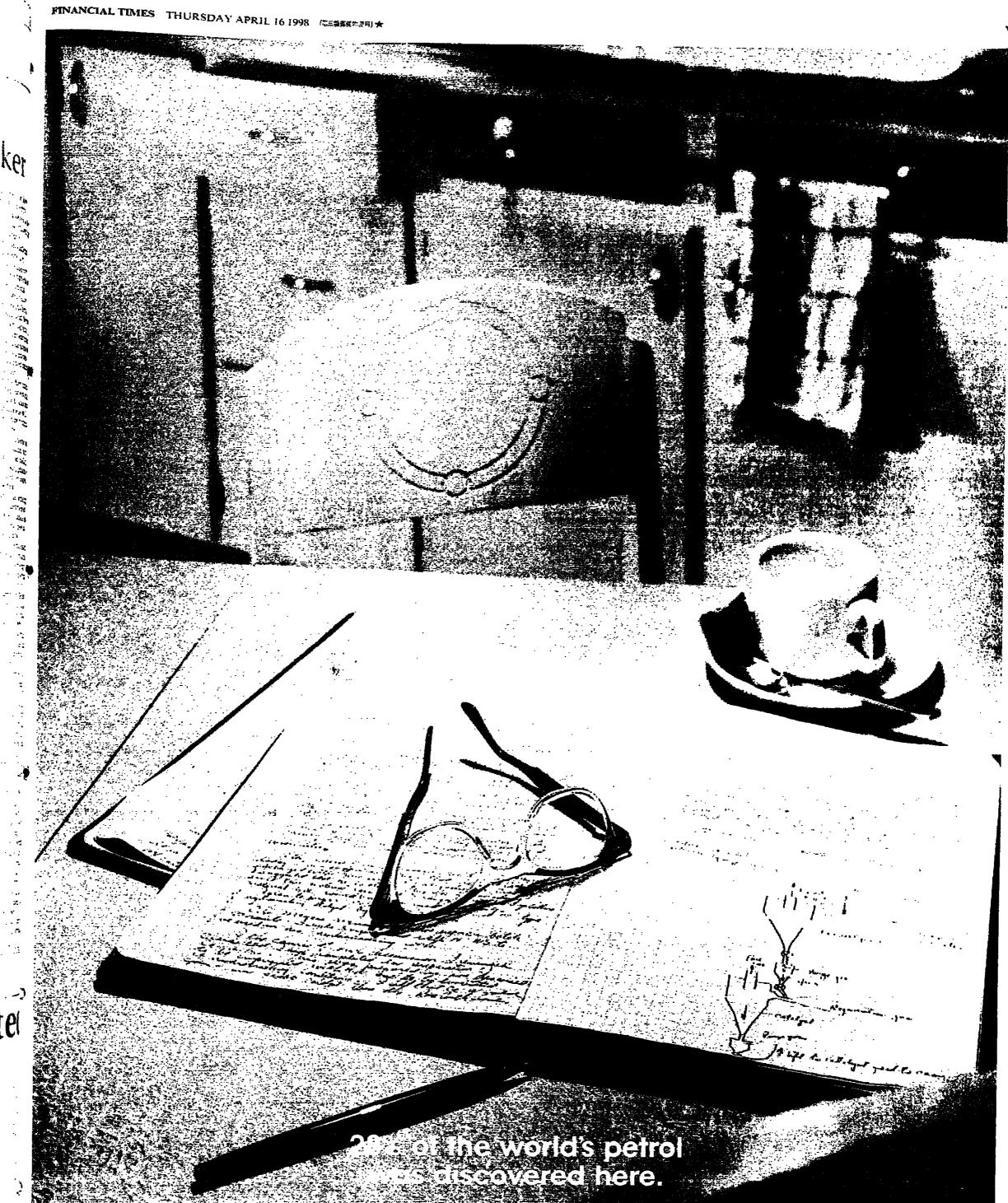
Bernam verse, and bernam see that the second of the second

Martin Con to be be been for the first to th

Agency and a second sec

Biog. Apr. of Biog. Apr. of Biog. Biog. No. 1 Biog. Apr. of Biog. Apr. of Biog. of B

-inflicte



More than a quarter of the petrol you buy owes its existence to an idea and to late night scribbles in the notebooks of two Mobil scientists. They discovered that a synthetic catalyst (crystals the size of a speck of flour) could make crude oil yield far more petrol than ever before. Their breakthrough led to a process that is now being used in nearly every major refinery in the

world. It has saved consumers billions of pounds a year and has greatly extended the Earth's precious oil reserves. It has also caused Charles Plank and Edward Rosinski, who together hold 159 U.S. patents and whose careers epitomise Mobil's commitment to science and technology, to be inducted into the U.S. National Inventors Hall of Fame. To learn more, visit our Web site at www.mobil.com.



Marketal Heira

Special Features: after Kyoto

LEGACY • by Leyla Boulton

Irreversible change in climate

Doubts remain but there are signs that the world is warming to the task

The impact of last December's Kyoto climate change conference will unfold for years to come. Its repercussions are only just beginning to be felt.

starting to put together plans for achieving the greenhouse gas emission agreed at the December conference. Businesses are tentatively counting the costs and, in some cases, the benefits of pullcies to mitigate global warming.

Having fought hardest to prevent a deal being reached, the US car industry was the first sector to react when agreement was struck, in spite of a rear-guard nations to kill it off. US car-

announced before Kyoto by lost no time in stressing their plans to develop low

Households and car-owners are also increasingly hearing how action to curb greenhouse gas emissions from fossil fuel use might affect their lives.

All this activity has been prompted by the legally-binding commitments made at the conference, attended by 110 industrialised nations to bring emissions below

The main thrust of action will be over fossil fuel use. since this is the main source of carbon dioxide, the most important greenhouse gas.

The five other greenhouse gases covered by the Kyoto protocol are: nitrous oxide (from vehicles and industry); methane (from agriculture and landfill): and three which are used as substitutes for ozone-destroying attempt by oil-producing chlorofluorocarbon gases but whose global warming makers, trailing initiatives potential is up to 20,000 emissions at 1990 levels.

Other policies to deal with these gases include capping emissions from landfill sites and encouraging alternatives to CFCs which make no contribution to the greenhouse effect.

The European Union, the United States and Japan respectively undertook to reduce their emissions by 8, 7 and 6 per cent. These numbers are bigger

than they look in so far as

emissions would normally

increase with economic growth over that period. But the EU commitment is less impressive than it seems since, within that overall target, individual EU nations are to be allowed targets which might be as generous as a 40 per cent rise for Por-

cent

tugal and as tough as a 13 countries, such as China. per cent cut for the UK. As part of its attempts to Australia, which had assuage Congress, the US threatened to tornedo the has yet to sign a UN agreedeal, got away with an 8 per ment allowing developing increase. Russia, countries voluntarily to Ukraine and New Zealand assume obligations of their were allowed to keep their own, along with approval for an emissions trading system.

cions to be allayed in the

wake of Kyoto. For example,

the deal has no legal force

until it is ratified by coun-

tries accounting for at least half the world's emissions -

a process which could take

Meanwhile, the Europeans

fear that the US will try to

avoid a painful domestic

adjustment by buying sur-

plus emissions from Russia.

And non-Europeans remain

resentful of the EU's

arrangements for meeting

their collective target

through differentiated tar-

gets. The US Senate has

warned it will not ratify any

deal that does not include

matching commitments for

big. fast-growing developing

at least two years.

There are loose ends to be Both items will be on the tied up and mutual suspiagenda for resolution at an inter-governmental climate change conference in Buenos Aires in November. Despite such reservations.

it is clear that the Kyoto deal is already generating momentum for a long-term change in energy use. It is also set to accelerate the speed with which industries bring new products to mar-ket, aided by government incentives to develop them.

Despite government assurances they will avoid damaging their countries' competibe losers and winners from the Kyoto process.

The biggest loser is likely to be the coal industry, the most carbon-intensive fossil fuel and a relatively easy target. It is so heavily subsidised that the World Bank reckons that phasing out German coal industry subsidies alone could reduce global carbon dioxide emissions by 1 per cent.

The biggest winners will

tries. The US governmentexpects this year to receive the go-ahead from Congress for a \$6bn package of tax breaks and subsidies for energy efficiency and new technologies which do not generate greenhouse gas emissions. And European energy ministers will consider next month an ambitions blueprint to promote renewable energy sources, such as wind and solar power. It proposes initial

government pump-priming of Ecus20bn over 10 years. One of the most intriguing aspects of the Kyoto legacy will be the emergence of a global market for carbon companies and countries the flexibility to reduce emissions when, and as, it is most cost-effective for them to do so. So excited are its proponents that a UN conference gathers in London next month to try to hammer out the rules of the game even before the concept is agreed





EMISSIONS • by Nick Cottam

Birth of a grey market

pollution permits would be a cheap way to meet Kyoto targets

if you can trade on the futures market in coffee or wheat then why not set up a similar system for pollution permits? So runs the thinking of the UK-based Advisory Committee on Business and the Environment whose change argues that the City of London could become a financial centre for environmental trading. All that Britain has to do is take the plunge and establish some kind of domestic scheme

In the wake of Kyoto and a climate change protocol that establishes the principle of emissions trading, governments and any number of organisations are now trying to come up with the ground rules for a workable system.

Options on the table include emissions trading within countries and between individual polluters but the real prize will be a system which works well on the world stage.

The strongest arguments in favour of emissions tradting is as opposed to more regulation, on the one hand, and some form of green taxation on the other - is that it costs less to administer and actually provides a commercial incentive to carry on reducing entissions All you need for starters is

a source of pollution which can be measured and monitored and a market place of polluters willing to accept and trade in permits. Assuming such a starting

point - and we have one with a gravithouse gas such as carbon - the next step is to have legally binding targets, such as those which have been introduced as part of the Kyoto Protocol. If Kyoto targets are ratified when the heads of government meet again in Buenos Aires in November it now seems certain that some form of emissions trading will go ahead. "We are working towards

a deadline of setting up an emissions market by the says Frank Justium, head of greenhouse gas emissions trade at the United Nations Conference on Trade and Development.

Mr Joshua and his Unctad team have spent the last seven years exploring the options, trying to produce workable parameters and learning from some of the emissions trading success

Among the most prominent of these has been the US Acid Rain Program which began in 1995 and .ums to reduce sulphur dioxide emissions from US power stations by more than a half. So far the programme is ahead of target with particlpants reducing compliance costs by up to 50 per cent.

The encouraging progress of those involved in the US Acid Rain Programme is based on two key criteria for successful emissions trading: there must be an established regime of regulation and

tion targets and the source of the pollution must be

Add to this the right size and shape of market, says Mr Joshua, and you have the basis to go ahead and trade.

"The first principle of a trading system is that you need legally binding limits all other systems will flow from that. In the case of the Kyoto Protocol people believe that it will be ratified and are now preparing for it." he argues.

The problems, it seems are in the detail. If a regime begins by issuing trading permits for carbon, who will actually trade; individual

If, as has been suggested by the US, governments are allowed to trade with each other how will the system avoid what is known as "hot air trading" and ensure that all parties have sufficient incentive to reduce actual pollution.

And should an administration be charging for initial to existing polluters, a factor which could restrict new entrants to the market once the allocation is complete?

These, and other, issues will be debated at Unctad's Emissions Trading Week in London in May and then by EU Ministers when they meet the following month in Bonn to decide how they are going to meet Kyoto targets. The upshot, believes Tim

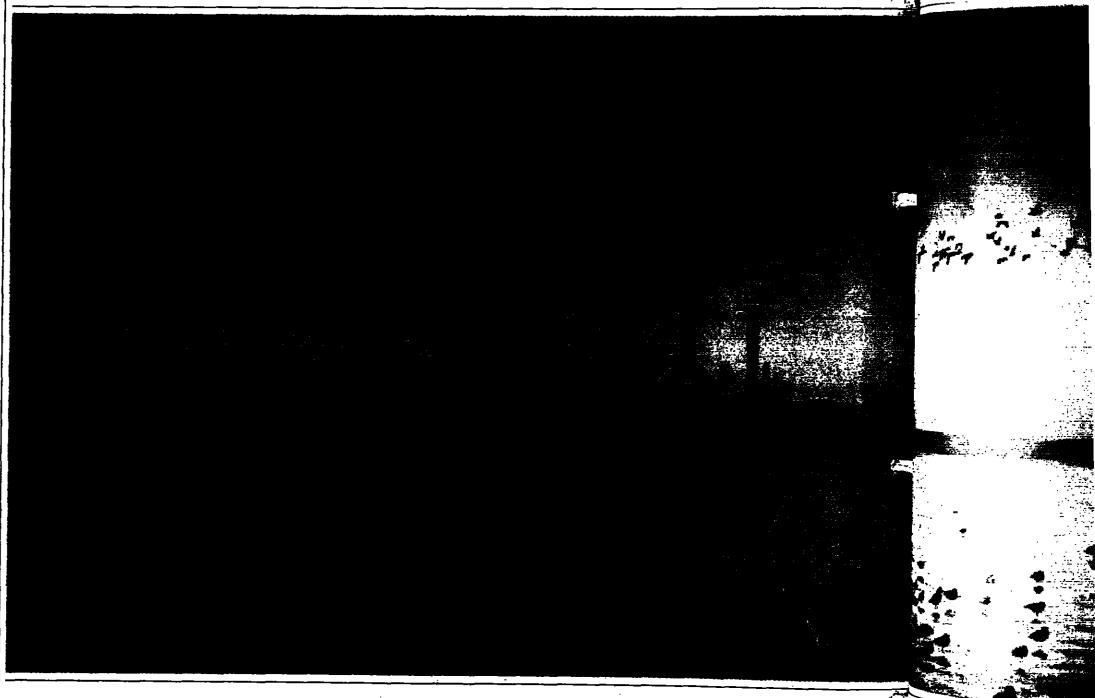
Denne, an economist and expert in climate change with the environmental consultancy Environmental Resources Management, is that an international system of emissions trading will be established.

"In the short-term, you may get a certain amount of hot air trading but, in the long-term, it has to be good for the environment. At the moment, the cost of meeting varies hugely between coun-tries and setting up some kind of international system would be a way of equalising those costs," he says. Ideally, believes Denne,

such a system would allow firms to trade directly with each other. "In a competitive market it is more likely that firms, rather than governments, will find the least cost means for emissions reductions. Firms can also predict the price they will face while governments may expose participants to a range of policy measures. making the cost of reducing

emissions less predictable." A case in point is the UK Government's agonising over the coal industry. A trading system for carbon would almost certainly accelerate the industry's decline, leaving the government on the receiving end of a considerable amount of political fall-out from its own

But there is some enthusi asm for a trading solution. David Porter, chief executive of the Association of Electricity Producers, belileves it deal, from legislators through power producers to

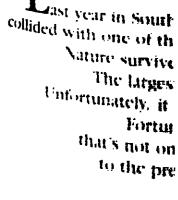


Le wouldn't have survived their migration if they couldn't have stopped at their feeding grounds;

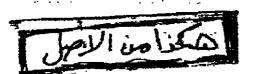
> they couldn't have stopped if construction on a nearby power plant had scared them away;

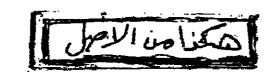
> > the construction wouldn't have waited if not for the engineers of ABB.

Visit the ABB World Wide Web site at http://www.abb.com



all the





Special Features: science & technology

BIOMASS • by John Madeley

Light at the end of the tunnel

Chicken dung could be the power behind 21st century electricity

poultry litter is hardly the stuff to light up the world. Rather, it is something to be disposed of without too much of a fuss.

But thanks to a new technology, the 1.4m tonnes of litter generated in Britain each year by the poultry industry could become an unlikely - and renewable source of electricity.

When people in parts of Britain switch on their lights, it could be chickens behind the current. And, while poultry litter might be associated with "dirt", it is a clean fuel to burn.

Power stations at Flixborough, Humberside and Eye in Suffolk, already burn poultry litter in conven-

Energy, has devised a process which, it says, is cheaper and more efficient.

Next year the company will begin construction, in Northampton, of the first biomass power station in Britain to use poultry litter in a fluidised bed combustion system. This is a modern type of botler that seems likely to become popular for generating power. It has significant advan-

tages over coal-fired power stations and over conventional boiler systems that use biomass (plant and animal material). The burning of fossil fuels

emits greenhouse gases which contribute to global warming. Coal burning accounts for more than 40 part of the firmace is lined per cent of worldwide carbon dioxide emissions from fossil fuel use. Following the Kyoto sum-

mit on climate change in December 1997, EU countries are committed to reducing tional bollers. Now a Chel-emissions of greenhouse

Agrigen, part of United Power stations that use bio- rial combusts instantly on ter's relatively simple conmass could help. The Northampton station

will cost around £20m and be capable of producing up to 10m megawatts (MW) of electricity. This level of electricity generation can meet the needs of around 10,000 homes. A coal-fired station would need to burn 50,000 tonnes of coal to generate an equivalent amount of power.

The fluidised bed used in the process is manufactured by Kvaerner Pulping Oy of Finland and made up of sleved natural sand; this is maintained in suspension by currents of air forced through the bed. The walls, roof and floor of the boiler are made of gas-tight, watercooled panels and the lower with specially designed light cement refractory tiles. The tiles help to create an ele-

After the sand has been heated to around 300 degrees Celsius, poultry litter is fed into the bed from a hopper tenham-based company, gases by 8 per cent by 2012. located above. Light mate-

vated combustion zone.

contact with the sand particles, while heavier material is combusted when it falls into the bed itself.

Agrigen says that this double-action results in a much larger combustion zone "with a high degree of turbulence and high heat transfer rate within the bed, resulting in complete combustion of the fuel". About 38 tonnes of hot steam an hour will result driving a turbine with a capacity of 11.6MW gross.

"Poultry litter is a remarkably clean fuel with significantly lower emissions than coal when burnt in a fluidised bed boiler," says Derek Howard-Orchard. Agrigen's technical director.

claimed, is "clean" electric-

Fluidised bed boilers are also better able to cope with variations in fuel load while maintaining combustion gas temperatures, he claims, and maintenance costs are low because of the lack of moving parts and the combus-

struction. Emissions of combustion gases will be low, says Agrigen, because of the efficient combustion process "and the relatively low and uniform bed temperatures compared with other boiler

systems". About 120,000 tonnes of poultry litter from the local broiler industry will be burnt each year at Northampton's new station. The litter will come from deep litter systems, where bens The final result, it is move around on matting material in sheds, it is their droppings that make the

matting a valuable waste. The litter will comprise both poultry manure and matting material - either of chopped straw, shredded paper or wood shavings and also small quantities of feathers and feed grain. On delivery to the station, the litter will pass through a

screening process to ensure

national grid to produce similar kind of activity.

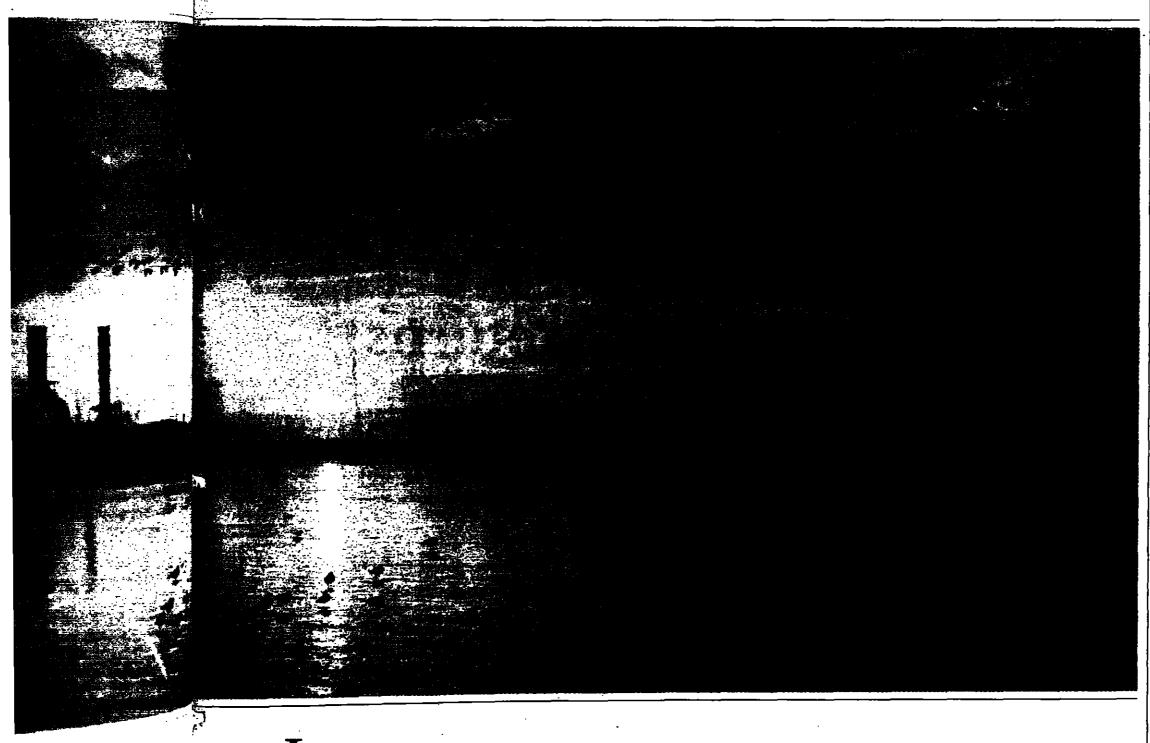
uniform feed size.

Electricity - will also have spin-off benefits.

Burning poultry litter in this way will mean that it no longer has to be disposed of by being spreading on fields as a high nitrogen manure. This practice can cause a double environmental problem - when the litter decom poses it generates the greenhouse gas, methane, and it can lead to higher levels of nitrate in run-off waters.

Also, the ash residue that results from burning the poultry litter will be quite This ash will be bagged for distribution as a phosphate rich fertiliser.

The project is supported by a £1.75m grant from the European Commission Thermie programme, which aims to protect the environment through improved uses of energy One of the conditions of the EC grant is that the station is open to people The new station - which from other countries who will be connected to the are interested in starting a



Last year in South Humber Bank, UK, one of the wonders of technology collided with one of the wonders of nature and something wonderful happened. Nature survived.

The largest combined cycle power plant in Europe was under construction. Unfortunately, it was on a site adjacent to a feeding ground for migratory birds.

Fortunately, the company doing the construction was ABB. You see, ABB is one company that's not only committed to the business of electric power generation, it's also committed to the preservation of the environment.

And it's a commitment that stretches from ABB's senior management all the way through to its subcontractors on the construction site. Which is why during the months between September and March, construction on the plant, which might have alarmed the migrating birds and

prevented them from feeding, was abruptly stopped. The power plant, which is representative of modern power plant technology (highly efficient with minimal impact on the surrounding environment), was finished only after the birds had completed their annual migration through the area.

A fact that made English environmentalists very happy. Not to mention the birds.

INGENUITY AT WORK

Electricity Under currents

ASIA ● Thailand - CMS Energy of the US has acquired a 50 per cent stake in a 300 megawatt power plant under construction in Thai- equipment. The three. land. The equity is valued at \$60m and the purchase was made from Soon Hua Seng (SHS) Group. The purchase reflects CMS' deter- China - The World mination to increase its

activity in Asia. The coal-fired cogeneration plant of two 150MW expansion project. The proits power to the state utility, the Electricity Generating Authority of Thailand (Egat) under the small power producer programme aimed at encouraging more independent power project development in Thailand.

 Thailand - Egat has shaken up its boardroom structure in an effort to accelerate Thailand's infrastructure privatisation programme. On March 31, eight of 11 members of the board were relieved of their positions in a move ordered by the Thai cabinet and designed to gain support for the privatisation prugramme for the utility.

A significant figure among new board members is Piyasvasti Amranand. secretary-general of the National Energy Policy Office and one of the government's chief privatisation strategists.

● India ~ The New Delhi government is considering extending its policy of providing central government "counter-guarantees" for independent power pro-

The policy was outlined, following the recent election, by Rangarajan Kumaramanglam, the new power minister. He said the government would consider such guarantees for large hydro and mainly coal-fired projects. The counter-guarantee would provide sovereign cover against the financial default of any Indian state or central government authority entering into au independent power

• Pakistan - The government has served a "preliminary notice" that the troubled Karachi Electricity Supply Corporation, the utility serving the country's financial and industrial capital, is up for sale.

The utility, which the government acknowledges has suffered from corruption and operational inefficiency, has 1,735mw of, mainly, oil-fired capacity. The government is prepared to sell up to 51 per cent of the company.

 Philippines - Raytheon of the US has won \$700m in contracts to design and build a \$45MW power facil-Marubeni of Japan. Two units of Raytheon Engineers & Constructors will Project. Raytheon Engi-

neers & Constructors will be responsible for construction and United Engineers International, will oversee design engineering and 115MW, hydroelectric units will start going on line by 2003.

Bank has approved a \$250m loan for China's first standalone transmission network ciency of supply, through a modernisation programme to Shanghai and to three neighbouring provinces, Anhui, Jiangsu and Zha-

The Bank says the expan sion will ensure both that the new and renovated generating stations in the area are properly integrated and that the growing demand in southern coastal areas of Jiangsu is met. A total of 1,000km of 500 kilovolt transmission lines will be built under the scheme.

AUSTRALASIA

● Australia - The start-up date for Australia's national electricity market is to be delayed until mid-May. The national market was due to begin March 28 but the company overseeing the creation of the new grid will instead begin stress testing of software

and management systems. The delay follows criticism of the proposed national electricity code by the Australian Competition and Consumer Commission (ACCC) and fears about the reliability of generation after blackouts in Queensland and in Auckland, New

LATIN AMERICA

 Peru - Shell has postponed its decision on whether to go ahead with the \$3bn Camisea natural gas project in Peru. The gas-exploitation project, involving power transmission and on-line gas-fired power generating schemes, would be one of the largest integrated power projects on South, America's west

Camisea had been expected to start production at the end of 2001.

Shell's Andrew Vickers, prospecting and development spokesman, says the delay stems from an analysis of data obtained from drill samples from the Camisea gas reserves in the Amazon jungle. "We remain confident that the project will proceed, there is no doubt about that."

• Latin America - The Inter-American Development Bank (IDB) last year provided \$1bn in loans for energy and electricity projects in the Latin America/ Caribbean region ~ oneity and dam north of sixth of the IDB's total Manila for San Roque lending in the region and Power, a consortium led by well ahead of the \$305m in energy loans for 1996.

Projects included the Bolivia-Brazil natural gas handle major parts of the pipeline and the American electricity grid.

Regional Focus: The Caspian Sea

OVERVIEW • by Carlotta Gall

Oil starts to calm troubled waters

Old conflicts are being settled as commercial priorities take over from politics

A rusting tanker filled up dilapidated jetty on Turk-menistan's Caspian coast. Its cargo? The first oil from the Anglo-American production sharing agreement, run by Monument Oil and Gas and across the sea towards western markets.

There was little fanfare but the event was another milestone for the Caspian orities will start to lead the states following the celebration of the first Azeri oil to flow out to the west last November and the opening of a new gas pipeline from are important regional politi-Turkmenistan to Iran in cal decisions pending and December. The oil and gas are moving, and so the biggest handicap faced by the region, the lack of export routes, is proving manage-

As the 1990s draw to a close, the Caspian region is looking more secure in its raised hopes that a deal will fortunes. The turmoil and uncertainty of the years Another important deci-after the break-up of the sion, scheduled for the Soviet Union have largely

The heady predictions about the potential of the Caspian westwards. Russia Caspian basin are also forming into a more reasonable picture - this is no second Gulf but something of a North Sea. That it is going to be a big producer in the next century, there is no doubt

There are still many outstanding political issues between the countries of the region, and numerous local frustrations, but the reality is that foreign companies are working and getting their oil



politics.

1998 will be a critical year. many oil executives and government officials say. There some pressing internal issues. One is an agreement on the status of the Caspian Sea between the five littoral states - Russia, Kazakhstan, Turkmenistan, Azerbaijan and Iran. A recent flurry of diplomatic activity has be struck this year. Another important deci-

autumn, is the route for the main pipeline that will carry the bulk of the oil from the will lobby hard for a route through southern Russia to is heavily weighted towards a route south from Baku through Georgia to the Turkish terminal of Ceyhan on October. the Mediterranean coast.

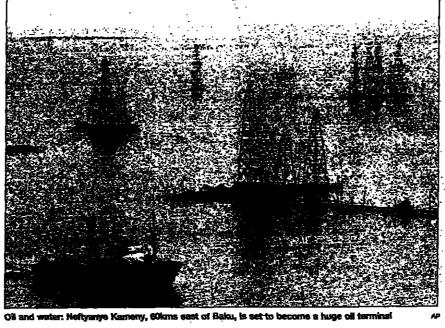
Supsa, on the Black Sea out successfully. The feeling oil from the Azerbaijan nadze, of Georgia was sub- and said Russia was ready to tainty and open the way is now that commercial pri- international Operating ject to another assassination accept the sectoral division a trans-Caspian pipeline.

Company (AIOC) consortium and introduce a competitive alternative to the northern Russian route.

Oil executives will be watching the results of drilling carefully, too, this year. Recent months have thrown up disappointments in Azerbaijan's offshore fields, with consortiums drilling in the Karabakh and Ashrati fields hitting dry wells or gas which, without a pipeline network, no one really wants. "It gives food for thought," as one foreign diplomat says.

Consortiums working offshore in Turkmenistan and Kazakhstan waters will also start drilling later this year. In the meantime, there are enough political changes to keep everyone on their toes. Novorossiisk but the choice Armenia has just elected a new president and Azerbaijan will go to the polls to vote in a new president in

While there is no open The second route will conflict in the region for the receive a boost when the first time in nearly a decade, western pipeline from Baku the Caucasus remains volato the Georgian terminal, tile. The old conflicts are no nearer resolution and even comes on stream later this an old survivor, such as year. The pipeline will bear President Eduard Shevard-



attempt as recently as February. He immediately connected the attack with the oil pipeline being built across Georgia which he has which is opposed by some in

Tensions have also been rising in Dagestan, the Russian republic sandwiched between Chechnya and the Caspian Sea, as it gears up for local leadership elections. Dagestan has the highest level of political violence of any Russian republic and is awash with guns and gang-

minister, Shamil Basayev. who is hated in Moscow for his hostage taking during the war, but who is proving ready to cut a deal. There persists a hope that oil will prove the lubricator for many of the outstanding

Chechnya has a new prime

conflicts in the region. Russia, for example, has shown signs of following its commercial interests rather than its imperial instincts in the region. First Deputy Foreign Minister Boris Pastukhov came to Baku last month to discuss the issue of the status of the Caspian

of the Caspian. This would divide the sea bed by a median line equidistant from each shore.

Russia still insists that the championed vigorously but body of water be common property, arguing that fishing and environmental issues have to be handled by all the states together. It would also give Russian bor-grumble that "something der guards the right to patrol the entire sea rather than just its own section.

The trend among the other countries is simply to get on with business. Turkmenistan and Azerbaijan are holding intensive talks to resolve their dispute over the Kyapaz field. While negotiating, Turkmenistan has followed Azerbaijan's example and opened up its offshore fields to international tender.

Iran may prevent a deal being clinched this year on the status of the Caspian, but it also has been brought in on the Shah Deniz project and is making plans to exploit its own sector.

Oil companies are hoping for an agreement this year, even if only a bilateral deal between Azerbaijan and Turkmenistan, which would establish some legal certainty and open the way for

One development foreign companies are not happy about, however, is the souring scale of corruption, in Azerbaijan in particular. While international oil companies are used to the problem in many other parts of the world, in the Azeri capital Baku they are starting to

must be done". Azerbaijan was named the fourth most corrupt country in the world, after Russia, .Ukraine and Nigeria in a recent report by the company Control Risk. Businessmen say that if, two years ago, the cost of establishing ence in Azerbaijan and "getting things done" was \$30,000, now the price is \$120,000 "They are getting greedy." says one diplomat.

The corruption is alienas some Azeris flaumt their conspicuous wealth with: Mercedes 800s and expensive suits, aggravating internal tensions in a country where every seventh person is a refugee and many live below

the poverty line. 1998 will be a test for Azer baijan and the other Caspian states as to whether the

Dinosaur

The State Oil Company of the Azerbaijan Republic, known by its English acronym Socar, is the comtry's oil and gas

A vast Soviet style monolith, formed in 1992. it has a monopoly of every aspect of the industry, the linchpin of Azerbaijan's economy. For foreign of companies wishing to work in Azerbaijan it is the first, and virtually the only, port of call.

With 77,000 employ 17 different companie four scientific institutes and even kindergartens and medical sanatoria. Socar is a state within a state. It produces 9m tennes of oil and 6bn cubic metres of gas a year, though this is well below its potential.

Ilham Alivey, only son of the president of Azerbaijan, is first vice charge of foreign relations. which involves dealing with foreign oil comman Azerbaijan has signed deals valued at some \$30bn with foreign companies earning tens of millions of dellars in the process,

Company spokesman Rafig Abdullayev says that all the money goes straight towards the country's budget but Socar's workings are far from transparent. A lot is thought to go astray.

. Although Socar has huge potential, it is a cash strapped, broken down dinosa vast workforce complain of low salaries. Sahit Bagirov, who was head of Socar when it was formed, says that much of its equip is obsolete and 80 to 40 per

In the company headquarters, a graceful mrn-of-the-century building overlooking the Caspian Sea in central panelling is rotting outside erident Natio Alivey, and the lifts work only

Street House of the

sporadically. The company is trapped in a time warp. Wholly owned by the state, it is obliged to give 40 per cent of the fael oil it produces to the national electricity

They owe Socar approximately \$1bn in unpaid bills but stuce electricity and gas to the subsidised they cannot generate the income required for renavments Soear only goes along with the scam to avoid "a social explosion", spokesman

Abdullayev says. The company is also paralysed by the need to refer decisions to the top. Little is decided without Azerbaijan's President Heydar Aliyev's mvolvement. Foreign oil executives complain of waiting for months for deals to be sorted out, either because of corruption or because no one dares to act without

clearance from above. Privatisation would solve many ills; Bagirov argues, removing the dead weight of abbrofitable sections and introducing market dynamics but the company is resisting. Privatisation of some parts of the company is scheduled for 1999, but Abdullayev argues the lack of cash flow makes it

Carlotta Gall

It isn't just a cricket game.

It is

The Perfect Investment Climate.



CHECHNYA • by Carlotta Gail

Risks and returns

Only the bravest investors will be tempted by a region awash with oil, and danger

The Caspian and Caucasus regions present oilmen with enormous political and geographical challenges but Chechnya has to be the most

daunting place of all. A tiny, mountainous republic where the blood feud is still practised and kidnapping is common. Chechnya is too risky for most

 Even more so since its savage 21-month war with Russia, Chechnya has become too difficult for foreign investors to handle. It has de facto independence after kicking out the Russian army but no country will recognise it as an indepen-dent state or consider investing in the territory for fear

of offending Moscow. Yet, the rebellious republic perched half way along the North Caucasus on Russia's southern rim, has its attrac-

It possesses oil reserves of its own and a vast oil refin-ing and pipeline network. Not for nothing was the Che-chen capital. Grozny, one of Hitler's goals in his push across Russia. His army came within 100 miles of the

Nowadays, Chechnya is still of vital strategic importance, as it lies on the route of the only working pipeline carrying Caspian oil to western markets, from Baku in Azerbaijan to the Russian Black Sea port of Novoros-

The oil began flowing song the pipeline last November after long negotiations. Some 100,000 barrels a day will pass through this year. rising to 700,000 barrels at the peak in 2010. Transport tariffs alone should help Chechnya rebuild its destroyed oil industry in the absence of outside help.

One of the lasting ima of the war was the pall of black smoke billowing from the burning refineries and hanging over the bombedneries and oil installations were destroyed beyond



Oil fired: Grozny's burning refineries symbol

Yet, two units of the sprawling Lenin refinery on the west side of the city survived and are still working. A tangle of blackened and newly painted silver pipes and funnels, they are turning out up to 20,000 tonnes of refined products every month for sale in Russia.

Chechnya somehow managed to export more than Im tonnes of oil a year during the war, mostly from oil fields outside the capital which escaped the fighting.

There is business to be done for those who dare. As Shamil Basayev, the former field commander and now Chechen Prime Minister says: "He who gets to the tree first, picks the plum." Mr Basayev has already

signed preliminary agreements with several foreign operators, although he declines to name them. He has revealed that a British company is looking to develop Chechnya's oil business, while an Indian

power station to run on the

Grozny's refinery last September is former British Conservative party treasurer. Lord MacAlpine Together with Khozh-Akhmed Nukayev, reputedly

Chechnya's richest man, Lord MacAlpine was exploring the possibility of leasing from the government the section of the export pipeline plan does not seem to have progressed, however.

Since his appointment as head of government in January, Mr Basayev has appointed his younger brother, Shirvani Basayev, to the powerful post of minister of fuel and energy and dissolved the state oil company. The Basayevs' firm hand and generally clean reputation could make negotiating in Chechnya easier. A deal with them is likely to

With investment, Chechnya could raise its oil procompany plans to build a duction to 5m tonnes a year.

says Akhmed Hakimov, who heads the national oil production company Grosneft. At the peak of production in the 1970s output was 21m tonnes but levels fell to 3.5m by 1994, largely because of the antiquated Soviet machinery and lack of

Chechnya's plants used to refine 20m tonnes of oil a year and were the main suppliers of all products, including high grade jet fuel, to the Caucasus region and

Engineers say the country's refineries and a chemical plant have largely survived and could be brought back into work. The main damage was to three of Grozny's power stations and the 100 storage tanks, most of which burnt and now lie in molten folds.

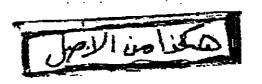
There is ample evidence that the plains of Chechnya remain awash in oil. Locals dens, some just 20 feet deep, and haul up the oil in buckets. They refine it themselves, heating it in a tank sunk in the ground, and sell the petrol in big &litre jam jars on the side of the road. They laughingly call it somogon, the Russian for home

The rebels were never short of fuel during the war thanks to the efforts of the homemade refineries but now the government is trying to stamp out the prac-tice, not least because it is dangerous and causes pollu-

Harder to control may be the men who tap into the pipeline bearing Azeri crude to the Black Sea. Much of the pipeline lies underground and so survived the war intact but it surfaces to cross the Terek river and enterprising robbers have siphoned off the oil in the

Mr Basayev has guaranteed the security of the pipeline and it is certainly in his interests to keep the oil flowis the one issue where Russia's and Chechnya's interests coincide and on which they can agree.

Basayev is also adamant that there will be no more war in Chechnya but he predicts unrest in neighbouring republics, in particular



50¢ar

Markey Commission

osaur ives

Dr. St. State

American Fidure Account of

production of the state of

A CONTRACT OF STREET PROPERTY.

stander Sing

And the second section with the second section with the second section section

a the second section that the the

Continue to the state of the st

A COMPANY OF THE PARTY.

Service of the Caretinate

The way of the state of the state of t de la company

The street was 100 to 10

1 the 15

\$40 gt

7 300

. . .

111111

8.252 23.

. . . .

1212

Here to the control of the control o The second of the second

medavile of Appropries is the E extra -

Return to the design to Section 2 Contractions of Principles Maly M in and to be rossey med to the standard function the space of the function of the space of the sp lastics, the

PAHELL bet in the second To bar Merts, artign 🦡 14. 196c pl material particular y etal

i**st**i Šartina

petr same 446 mms 44 14 Michael Spine Steel dimensis e sanguer in t einamet. Bergin all al No was

erett 20 குண்டியத்து படிப்ப MPT SIRPTURE: 10 10 20 A Care - 14 *** g.÷ ₹* the four profession in the

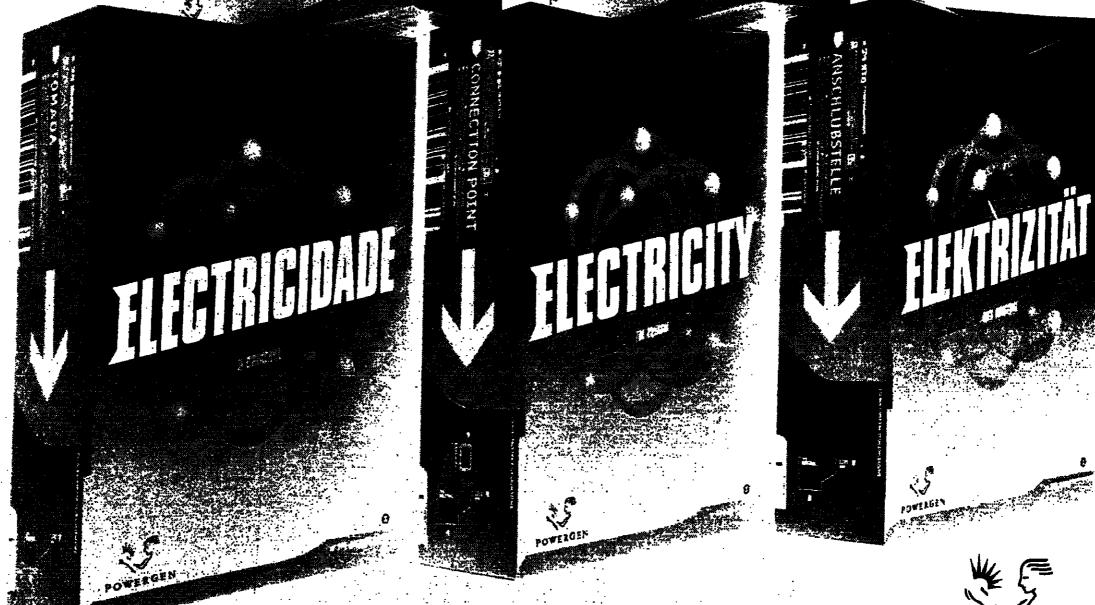
Sec. 10. 12. 12. 12. 12. 25 4.1 NAME OF THE PARTY OF THE PARTY OF THE PARTY. hording facilities are an experience of the control Bir Bagister at Later to the out Communication (Fig. 2) water frame g phase granted and the con-10 miles (40) FFEM:

rns



YOU'D SEE IT ALL OVER

If you could buy electricity the way you buy your groceries, our name would be a household name in Europe, India and Asia Pacific too. R And because PowerGen is one of the world's leading power project developers, millions of people who can't use our product yet will be able to use it in the future. For many of them it will be the first time in their lives they are able to use electricity at all. And in many cases, their lives may actually depend on it. **2** So the benefits of our product will certainly continue to be visible, even if our product itself never will be. 🗷 For more information about PowerGen, please call our information line on 08451 20 30 40. Or visit our Web Site on www.pgen.com





POWERGEN

THE POWER BEHIND POWER

Turmoil in its heartland is forcing the sector to use its head, reports Robert Corzine

A world of opportunity

Askin economic crisis are were paid off, many such passing through an industry that, until last year, was one of the most cossetted in the

The centre of gravity of the world's figuefied natural gas industry lies in the heart of the economic troubles in the region. For some of the the area - especially Indonesia, the world's biggest LNC supplier - the export- crisis. oriented industry offers a hard-currency lifeline.

But the immediate future is clouded by the gloomy economic outlook in the main consuming markets, Japan and South Korea.

countries collapses, it could unleash a wave of distressed cargoes to Europe and the US, potentially threatening the viability of non-Asian LNG projects, A deep and prolonged economic downturn in Korea and Japan could trigger demands for the wholesale rescheduling of contracts.

Such thoughts must seem knit Asian LNG industry, which has been built on a curefully constructed web of government political support and financial subsidies and private sector loans and construction contracts.

Under the traditional model Japan paid hefty premiums for long-term LNG capacity within plants in supplies from Asian-Pacific order to ensure security of producers in order to lessen. us energy dependence on the Middle East. Japanese banks industries was able to suplent billions of dollars to finance the construction of of which, in turn, were built by Japanese shipyards and construction companies.

projects became cash cows for their owners.

South Korea emulated the Japanese model in parts. although it earned a reputation among suppliers for

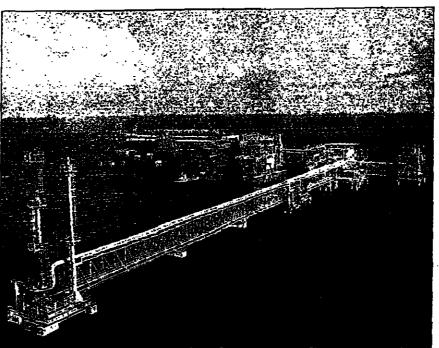
being far tougher on price. The hig question hanging over the global LNG indusmost vulnerable countries in try is whether the cosy structure of the Asian market will survive the present

Even before the Aslan financial meltdown, LNG producers looking to the region were facing new uncertainties and challenges. Too much supply from proposed extensions of if demand in those two existing facilities and new plants was being aimed at established north east Asian

The Asian slowdown has exacerbated the potential over-supply. Industry consultants say the potential supply to 2005 is far in excess of expected demand, even if new markets are opened.

The Asian economic crisis. coupled with low oil prices especially alien to the close (which filter through to LNG contracts), has made producers think hard about LNG project costs, which have not fallen as quickly or as far as in other industries. Part of the reason is that

traditional Asian buyers were willing to pay for elaborate systems providing oversupply. The high cost structure of their domestic energy port such arrangements but, in future, even the most traditional buyers operating in monopoly markets may find such redundancy an unaffordable luxury.



The international banks. which in recent years have battled to be included in LNG financing syndicates, are also looking more carefully at the cost structures of individual projects. They are examining in greater detail the local demand for LNG. This should help to ensure that only the most economically robust projects pass the financial hurdles in future. A concerted effort to bring LNG costs down could help foster the creation of a wider

And some industry observers say it is only a matter of time before a truly global LNG industry emerges. They believe one of the side-effects of the present crisis could be the convergence of the separate Asia-Pacific and Atlantic Basin LNG markets.

Such a global industry could result in larger numbers of supplying and consuming countries, with more flexible and shorter-term supply arrangements between them.

need to be overcome before begin with, the problem of opening new markets in the developing world has yet to

India and China are seen as the main undeveloped markets for LNG. Both have huge energy deficits, especially in power generation, as well as growing industrial demand. There are also environmental concerns that should favour the use of cleaner fuels, such as gas.

But such countries differ markedly from traditional LNG markets. The most obvious difference is the creditworthiness of the country and main buying institu-Such financial problems

may make it impossible for new greenfield LNG developments to be aimed solely at emerging markets. But mixing new and old markets may also pose prob-

lems to established suppliers. They may be reluctant to offend their traditional customers by offering much lower prices to emerging market clients in order to stimulate LNG demand. The problem of creating demand has caused many

But many hurdles still international oil companies with LNG interests to look LNG goes truly global. To at taking equity positions in power plants and other "downstream" users in order to kick-start the market for

LNG producers in the Atlantic Basin are also looking to emerging markets to supplement their traditional shipments to Europe and the US. Latin America, and Brazil in particular, is especially attractive to producers from Nigeria and Trinidad, given its sharply

fast growing economy.
But existing Atlantic basin LNG markets could also grow strongly, although probably only in the longerterm. The International Energy Agency recently raised the prospect of sub-stantial LNG exports to the US between 2010 and 2020 as domestic gas production

rising power demand and

In Europe LNG appears to be confined to niches in mainly Mediterranean markets, such as Portugal, Spain, Italy, Greece and Turkey, with the latter receiving the most attention. But Turkey is also encouraging gas producers in surrounding countries, including Russia, Iran and Turkmenistan, to supply it with large quanities of pipeline gas, a development that threatens to limit LNG's inroads into Europe's fastest growing energy market.

FINANCE • by Robert Corzine

Less easy to light blue touch-paper

Banks are asking searching questions before backing LNG. schemes

"It's back to basics," is the way one banker described the attitude of the world's leading commercial lending institutions in the aftermath of Asia's economic crists.

In recent years, banks have stumbled over themselves in the rush to lend to LNG projects. Although detailed negotiations on financing individual LNG projects are lengthy and complex certain generic features of LNG deals proved to be big attractions for lenders.

The first was the quality of the buyers, especially in Asia. Long-term take or pay contracts with state-supported gas distributors or electricity generators in countries such as Japan and South Korea provided sound foundations for multi-billion dollar deals. The fact that LNG deals are US-dollar denominated reduced the foreign currency risk, while the remote location of many LNG plants - well away from the most obvious political flashpoints in their host countries - gave added con-

And, so far, the industry consensus is that the Asian economic crisis has not led to a fundamental reassessment of the financial risks associated with LNG devel-

But banks are adopting a much more cautious approach to LNG demand. especially in Asia. They are also worried about whether surplus Asian LNG could find its way in ever greater volumes into Europe and the US, a development that could undermine the eco-

a more focused look at actual LNG demand." says one London-based project finance specialist. The problem, however, is that forecasts for demand in coming years vary wildly and depend in large part, on subjective assessment of the depth and likely duration of

Asia's economic downturn. Wood Mackenzie, the Edinburgh-based energy consultant, reports that Korea's economic problems have been enough to make the global LNG market extremely soft, ultimately projects, both brownfield and greenfield".

But even if LNG demand in Asia continues to grow at the 6 per cent a year rate predicted by Wood Mackenzie, bankers will be looking far more closely at local demand and conditions. They are likely to differentiate much more between projects and to put less store in country credit ratings.

Given the uncertainty pervading the industry other factors are also likely to come to the fore. The quality of a project's sponsors will probably become more important when banks Although there may not be a general demand for sponsors to increase their equity stakes from the 30 per cent or so that has been standard in recent years, some specific projects could be affected in that way.

Rodney Schmidt, a natural gas specialist at the Petroleum Finance Company in Washington DC, believes that, in addition to strong sponsors, the lowest cost and most reliable suppliers will be preferred by lenders. especially if oil prices stay nomics of LNG projects low.

through over time to LNG "I think lenders are taking prices, a linkage that could also cause some lenders to be more cautious about the sector generally.

All autor Lite

فالورجة للماراء

3.1754.5

- x015

11 4 000

: 1 34147

- Posta till

177.10 91. 1789 e 🎉 * Property

Service Lasting

m 11.00 200 4

* Fr *i

market fiche

e or desp

e to tell ma

and the same

A 1. 11 75

Contract Page

 $\mathcal{O}(1,0) \in (\mathcal{M}_{1,\mathbf{k}})$

Pair in it.

مود بسرون

 $\mathbb{S}^{1,2} = \mathbb{C}^2 \mathcal{C} + \mathcal{C} \mathcal{L}^2 \mathcal{Q}$

 $(C_{abs}, \ldots, b-1)$

1.00

No See Lague

N. 1.1

the Plants

sun, sam

Although some LNG projects have floor price arrangements that limit the some bankers say they are not necessarily a more comforting factor for financiers. "If the disparity between a floor price and the prevailing market price gets too large then buyers will simply demand a renegotiation.

says one banker. Some contracts are now done on a netback basis. delaying all unsigned LNG Stephen Haynes, finance director for Atlantic LNG in Trinidad, notes that "everybody (involved in the proj ect) will feel the reduction if prices are lower. The market risk goes all the way through the chain. The Asian crisis may also

affect another trend in LNG

Although all LNG plants need base-load contracts for the bulk of their capacity in order to secure financing. developers were coming to the market with ever large amounts of uncommitted capacity. Before the Asian crisis, lenders seemed ready to accept higher uncommitassess financing proposals. ted volumes but some industry observers now question whether such an approach will remain acceptable in the present climate of uncer-

But banks must also be prepared for structural changes in the global LNG market as a result of the Asian crisis. Some industry figures believe the distinct Atlantic basin and Asian märkets may soon begin to converge. That could lead to more spot cargoes, shorter contracts and demands for less onerous conditions on longer-term deals.

45.0

\$30°

M2. -

a.

Berner .

G9. -- .

aniche intel

rather (!), (i)

 $^{10}\,\text{piped}_{\rm (gas)}$

t_{amen}

rand Area

 $\tau_{\rm eq} =$

Water Co.

M1 n_{1··· !···}

 $\mathcal{V}_{a_1 \ldots a_{2n}}$

ale at 1.

hma kin

April 1987 April 1987 Mary L. 1987

the Libertain State

Mary Care

 $\lambda_{(e_{m_i})_{i=1,n}}$

 $\| v_{R_{i-1}} \|_{L^{\infty}}$

Red der the state of the state

Martin Commence of the Commenc

di programa di seconda di Alexandria di Salamana di Sa

Pull make the second se

Physics 1975 (1975) (19

The state of the s

The test of the te

 $\lambda_{(1,2,1)}$

queca commissioni

₩70,75

July 13, 13

SUPPLY • by Andrew Symon

A fuel in need of more flair

Producers must hecome pro-active to build a new

LNG producers looking to Asia were at a cross roads even before the region's currency and finance sector shocks jolted their thinking.

proposed extensions and new plants was being put forward for the medium term to the established north east Asian markets unless new markets could be boistered by the extension of established markets in Japan, Korea and Taiwan,

But to open up these marrethink their relationships from price and other contract terms to the roles they might play downstream to toster demand

Unless this happens, predarts economist, Professor Victor's Lynch, of the Massachasette institute of Tech- years. notony in the US, Asian LNG producers run the risk of Shelf operation hopes to sign offshore of Darwin, and near tenne trapped in niche mar-

luxury of competing almost exclusively with a cartel product, selling to an indusity that was price insensiave and in which demand risk was minimal because market share was far below its potential," he says.

The catalyst for change. says British Gas (BG) Asia Pacific's Singapore-based director for LNG, Martin Houston, may be the uncertainty surrounding South Keren and Japan in the next couple of years. This could bring about "a change in nunder resulting in lower costs and prices and more constante supply.

BG an LNG buyer in India and a future seller, through as proposed Tangguh plant in western Irian Jaya in Indonesia, may be in a posttion to pioneer new anproaches.

Mr Houston points to BG's new Trinidad LNG plant as a model of how costs can be

in shipping - and buyers encouraged through more flexible contracts, including net-back pricing where the LNG sale price to the procustomer-base ducer is linked to the price the buyer receives when it

sells the gas. There are currently eight liquefaction plants - Indonesia's Arun and Bontang LNG plants in North Suma-Too much supply from tra and East Kalimantan; Malaysia's Sarawak plant (MLNG I&II); the Brunei Lumut plant; the North West Shelf plant in Western Australia: and in the Middle East, the Abu Dhabi plant, and the Qatargas plant in

About (ive expansions and new plants are in progress or nlanned with some certainty. Outside of the Middle East, kets producers will have to under construction is Malaywith buyers, on everything wak complex expansion. The project is unusual in that no work began. So far, only a confirmation of intent has Petroleum Exploration Company for 0.5m tonnes for 20

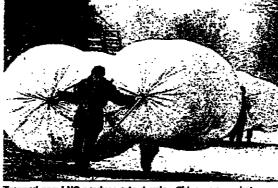
Kenai plant.

contracts this year with its the North West Shelf, from Suppliers have had the an additional 7m tonnes a fields to the south.

A ninth train is also pro-

South Notes

International LNG trade 1997 (tomes m*



Trapped gas: LNG producers to develop China as a market

decommision some trains early next century.

Beyond these, there are about a dozen proposals for "greenfield" plants stretching from Russia's Sakhalin Island, north of Japan to British Columbia in Canada, Natuna in Indonesia's South Qatar; and in Alaska, the China Sea and Papua New Guinea, and from Yemen in the Middle East to the top end of north Australia near the city of Darwin.

Prominently involved on the supply side is Royal Dutch/Shell, being a partner in the operating Brunei Lumut. Malaysia LNG I&II and North West Shelf plants; the under construction Oman LNG plant, the Malaybeen signed with the Japan sia LNG III extension; the planned North West Shelf expansion; and proposed plants in Sakhalin and in Australia's North West north Australia, from fields existing Japanese buyers for the offshore Gorgon gas

Co-operation between the Indonesia's Bontang plant. Gorgon developers and the has an eighth train (3th North West Shelf producers tonnes a year) under con- over building on existing liqstruction for 2000, after a uefaction facilities is being seventh (2.6m tonnes a year) discussed. Shell's Darwin came onstream in late 1997. project may incorporate really only a matter of the cargoes and medium-term tonnes a year) by Australia's Dixon says.

9.2

17.7 QE

In contrast, the Arun BHP and the US Phillips plant, facing declining gas Petroleum for the relatively supply, may be forced to small offshore Bayu-Undan gas field in the zone of co-operation between Australia and Indonesia. Shell International Gas'

Director for Asia Pacific. Arthur Dixon, argues that the need for 15-20 year base load contracts to justify investment (now up to \$2.5bn for a two train, 7m tonnes a year liquefaction "greenfield" plant plus gas extraction and shipping costs) and the time it takes to design and build a plant four or five years before delivery - means that, until contracts are signed, commissioning dates are somewhat arbitrary. "Our view is

that the market determines timing," he says. But this does not mean a passive role towards markets. Shell is looking at an equity role downstream in India and China - in import terminals, in pipelines and power stations - in order to foster and secure market

demand.

"We are considering a 20 year take-or-pay contract or an equity share - there is not much difference. In both cases you have a very close business relationship. It is another LNG proposal (2-3m size of the wedding ring," Mr Agia Pacific

Algeria (Joya Abit Dubs Cetter Australia Brupei indupessa Malaysia 1,1 7.1 23

DEMAND • by Andrew Symon LNG's torch passes on

With established Asian markets in chaos. attention turns to India and China

The key market driving growth in the LNG business in recent years has been South Korea. But with the country facing little GDP growth for the next two years or so, the reduction in energy demand is shaking up assumptions among producers, spurring them on to make greater efforts to establish markets for the

first time in India and China. The LNG business had pever experienced anything like Korea. LNG imports rose from less than 3m tonnes in 1991 to 11.5m tonnes in 1997, making South Korea the second largest LNG importer in the

world after Japan. Plans for LNG plant expansions and new plants not surprisingly assumed South Korea as a significant buyer under the long-term contracts needed for plant construction to proceed

While Japanese demand underpins the LNG business in volume terms - in 1997. Japan imported 46.9m tonnes, or 77 per cent of total Asian LNG trade and 58 per cent of total world trade - it has been South Korea that has been reshaping the

industry, This has not only been by virtue of its new demand but also through more flexible contracts and the supply of LNG under single, or "spot". contracts (4-5 year) as well as the traditional long-term (15-20 years) deals.

monopoly importer. Korea Forecast LNG demand in Asia

Gas (Kogas) has cut back about 50 per cent on the number of spot cargoes it plans to buy and deferred other cargoes supplied under long-term contracts. Producers believe Kogas will hon-

our its existing commit-The big question is whether growth will pick up

after 1999. Shell International Gas' director for Asia Pacific. Arthur Dixon, is confident that they will and the Koreans will seek new contracts, "Shell is still talking to Korea Gas for longer-term supply from the Sakhalin II project (in Russian East Asia) and from Australia from the Gorgon field (in the

north west)," Mr Dixon says. The economic fortunes of the other north east Asian importer. Taiwan, have not been directly affected by the region's currency and financial markets crisis.
Only a small LNG con-

sumer, taking 2.6m tonnes in 1997, growth has been slow since imports began in 1990. But with gas only making up 6 per cent of the energy mix including some domestic gas as well as LNG), there is potential for sizeable increases in LNG imports. For Japan, government planning shows a small percentage LNG import growth, consistent with the coun-

try's slow GDP growth, although still sizeable in volume terms. But, as Shell's Mr Dixon argues, there may be additional substitution of gas for coal and nuclear power as a result of Japan's Kyoto commitment to reduce carbon dioxide/greenhouse gas emissions and Japan's anti nuclear lobby.

"It is an open secret that Now South Korea's the planned nuclear expanimports will plateau at sion is most unlikely to around 11m tonnes this year occur. Take off nuclear and and for 1999. The Korean you have to add something else," he says.

2010 2015 48.9 51.8 æðið 67.D 73.0 South Fame 11,5 144 17.8 21.1 25.2 2.8 9.9 135 17.1 7,7 9,4 Съна 25 7,5 129 Thekand 25 Total **61.** 725 **97.**1

Neither India nor China ning has been carried out by yet imports LNG but both government agencies such have the potential to transform the Asia trade. UK con- shore Oil Corporation sultants, Wood MacKenzie. forecast the two combined will import 9.6m tonnes by 2005 and 17m tonnes by 2010.

India is set to take its first LNG just after the turn of the century to bolster its domestic natural gas supply. US company Enron Corp, plans to import 5m tonnes from Qatar in the Middle East by 2001 for its Dabhol power plant, now under construction in the western coastal state of Maharashtra,

> through a yet-to-be-built transmission line. A little to the north in Gujarat state, British Gas International, at the helm of an existing, domestic pipe-line network through its control of the Guiarat Gas company, also intends to import LNG, probably from the Middle East, to supplement gas from domestic

as well as to supply other

bulk users in the country

fields. A consortium of Indian government enterprises. Authority of India (Gail), is also looking to import through the port of Ennore on the south east coast and Mangalore on the south west

Some 17 international companies have bid to be the supplier for the project with the possibility of the successful bidder going into a joint venture with Petronet on the import side of the LNG Other companies are pro-

posing import projects but as an LNC importer but, at most will fall by the way- present, the government is side. India's ability to absorb large volumes of imported LNG is constrained not only by the extent of domestic pipeline infrastructure but this is far cheaper, although also by the country's capacity to find the foreign ranging from US sanctions exchange to pay for

British Gas Asia Pacific director of LNG, Martin Houston, predicts "marriages" between many of the sponsors. "Projects will fold into one another to become stronger and better."

conjecture. While companies moting the idea for several pore-based editor of the FT years, and preliminary plan-

as the China National Off-(CNOOC), the State Planning Commission has yet to

approve LNG imports. China has a few gas fields in the north west and additional pipeline supplies are being planned from Russia's Siberian Irkutsk fields, north of Mongolia, but pipeline supply from these sources would only be cheaper than LNG in the provinces north of Shanghat.

The energy needs of the fast growing southern provinces, Guangdong, Fujian and Zhajiang, are currently met by domestic coal mainly coming long distances by rail from the north. Foreign coal producers argue that seaborne coal can be supplied more cheaply and reliably into the south from Indonesia and Australia. Gas advocates say that LNG is superior on the grounds of

cost and reducing pollution.
"We think LNG into the southern coastal parts of China makes economic, environmental and practical sense," says Mr Dixon.

Thailand was once a front runner to join the LNG importer's club. Plans to take LNG from Oman in 2003 have been deferred because of Thailand's economic woes and the supply available soon from Burma and new fields in the Gulf of Thailand. Wood MacKenzie predicts that Thailand will still take LNG imports by 2010 for security of supply rea-

Pakistan has been mooted talking only of imports via pipeline from Iran, Qatar or Turkmenistan (through Aighanistan). Economically political obstacles remain. against Iran to the instability in Taliban controlled Afghanistan.

The Philippines may be a candidate in the long-term for LNG should domestic gas reserves, to be harnessed for the first time in 2001-02 from the Malampaya-Camago field China as an LNG importer in the south west of the is, still more, a matter of archipelago, prove to be smaller than anticipated. such as Shell have been pro- Andrew Symon is the Singa-

Asia Gas Report

= 15----

andir 🚊 🛴 🔭

A state of the second

Marie and Section 1989

 $A = \mathcal{G}^{A} = \mathcal{G}_{AB}$

. 18 . 4 .

468 445 4 1.

ATTACA NO. 17

Chapter 4-

September 6

50 3. 13 (2) 25

2 24 \$ 1 a

er Arrest Air

of the second

200

. . . .

4 6897

2 40.25

ومنا وكبيره

k 15 %-

الماء المخض

Berte Maria

at Land of

هج جيدان

eraki ili se se se April - Comment المناه الكوهم

40.0

May be a second

70. i2d ****

🗝 دادها پر بينې

A Section 1997

E William Color

23 4 2 2 2 2

and a second

and I have

المستوان ال المستوان ال

g v d s sa mar

A STATE OF THE STA

4.5

حورج

grade to the contra

- - - - - · ·

200

1800 miles 1800 in

. .

40 - 10 m

Square Committee

ga samen e

Liliage (93) (13)

grant of

1904 - H

٠.

and the state of t

appropriate of the

Sec. 22 - 12.3

1----

أأدار والأجابية والإيابية

was present the second

أخارها والعوا

r.+- j.---

 $q(\alpha) \in \mathcal{H}^{1,\infty}(\Omega^{n+1})$

with the

a grading some and

ಸ್ಟ್ರೋಟ್ ಬ್ರಾಟಿಸಿಕ

Auffer der Gereichte

Maria Harasa

 $(3e^{\frac{1}{2}}\overline{\xi}^{2}) = f(2e^{\frac{1}{2}}) = f(3e^{\frac{1}{2}})$

estă an Adam

attanti iliyo il

Sept. 48 and 198

e time.

Sun, sand, sea and a dash to LNG

The Atlantic LNG plant which is rising rapidly on reclaimed land at Point Fortin on Trinidad's southern coast reflects the new cost consciousness that is taking hold in the sector. Now just more than 50 per cent complete, and on

schedule to ship its first cargo in about a year's time, the \$1bn Atlantic LNG plant is the single biggest industrial investment to have been made in the Caribbean, and the first greenfield LNG development in the western hemisphere, for more than 25 years.

There are several aspects to Atlantic's development which differentiate it from other LNG projects. One is time. The average development time for a 4.5m tonne a year LNG plant is 14 years. The time between the COnception of Atlantic and first production from the 3m tonnes a year facility will be just six and a half years. The speed with which

Atlantic is being built is, in part, a reflection of the government's priority to develop its large gas reserves in order to offset declining oil production. "Governments are often the reason why LNG projects can take 14-18 years to develop." says Gerry Peereboom, head of Amoco in Trinidad.

Amoco is the largest partner in the Atlantic consortium, which also includes British Gas, Repso of Spain. Cabot LNG from the US and Trinidad's state-owned Natural Gas Corporation. Repsol's Enagas affiliate and Cabot are the two buyers of Atlantic LNG.

Another big difference is the design. Most LNG plants have at least two "trains", or processing lines, to ensure continuity of supply. should one train break down. Atlantic is a single train facility based on an "optimised cascade" process Petroleum of the US but only ever used in its Kenai LNG plant in Alaska.

Atlantic officials were attracted by the simplicity and reliability of the Phillips process. On a visit to Kenai, Atlantic officials were reassured by descriptions of the plant as 'merely a big refrigerator".

"Atlantic is a very simple plant," says David Jamieson, the project's technical director. "What's unusual is the scale of each piece of major equipment.' Mr Jamieson says the construction of Atlantic has

EUROPE • by Robert Corzine



Atlantic coast: the biggest project in the Carribbean for 25 years is on schedule for com-

also be considerable capital

savings if an early decision

continuity to Atlantic's key

rpetition from Nigeria

Liquefied Natural Gas, the

being built in the Atlantic

only other LNG facility now

was taken on the second

train, as it would give

Atlantic officials are

contractors.

concerned about

Basin. "Nigeria is

sparked recognition in the world LNG industry "that there is another way to build LNG plants. Maybe people have paid too much in the past."

He estimates that the total cost for Atlantic, including fmance charges, should come out at around \$935m That compares with original estimates of \$1.2bn-\$1.3bn. Installing a second train

even more cost effective, say Atlantic officials. Intense negotiations are under way with Atlantic's two launch customers - Cabot of the US and Enagas of Spain – on possible additional purchases. There is sufficient land at Point Fortin to support as many as three trains and there would be "significant operating benefits" from spreading the cost of services, such as tugs, over

Trinidad, says there could

although he insists that Atlantic is not necessarily facing a limited window of opportunity for expansion. Much will depend on the

government's attitude toward expansion. Finher Gangar, Trinidad's energy minister, is especially keen to see LNG from Trinidad make inroads into Latin American markets. "I am particularly keen on Brazil," he says, "because of its fast growing demand for electricity and its rapidly a greater number of liftings. Simon Bonini, British growing economy." Mr Gangar believes the Gas' country manager in

northern Brazilian states

would be especially of the Natural Gas Company attractive markets for LNG. of Trinidad and Tobago. "Our LNG would be cheapen there than pipeline gas from that the larger gas volumes

But officials acknowledge

associated with a second

LNG train could pave the

way for the creation of an

export-oriented ethylene

high on the government's

priority list.

dustry, a project which is

LNG exports could also form one of the main elements of more far-ranging economic co-operation between Brazil and Trinidad. This could include the setting up of Brazilian iron ore and steel would be fuelled by natural

Bolivia," he says.

Atlantic officials also see scope for more Caribbean and. Some of the gas destined for Cabot in the northeast US will probably wind up being used in a new power project in Puerto

But there is also concern in government circles that using the country's gas reserves for LNG may not be the best way to realise the highest value of the resource. "It's not a case of LNG at any cost," says Frank Look Kim, president

THE MIDDLE EAST • by Andrew Symon

Taking on the establishment

Output is set to boom, promising competition and threatening over-supply

The Middle East has thrown down the gauntlet to the established south east Asian and Australian producing regions. New plants in operation, under construction and planned in Qatar, Oman and the Yemen are introducing an unprecendented level of competition for supply to Asia.

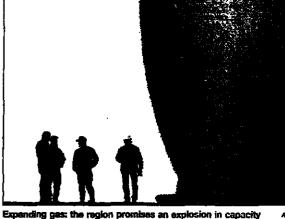
If the LNG trade has been a sellers' market, this new wave is turning the balance in favour of buyers.

The region's arrival as an LNG nower was announced by the advent of Qatar as an exporter in 1996 from the Qatargas plant - the first new source of LNG from the Middle East since Abu Dhabi began shipping to Japan in

The Qatargas two-train, 4m tonnes a year capacity plant has a base-load contract with Japan and plans for a third, 2m tonnes a year,

The plant is fed by the North Field, the world's largest non-associated gas field, with 240 trillion cubic feet of proven and probable reserves. This figure excludes reserves in Iranian territory, known as the South Pars field, a contract for which was given by the year, to a Total-led consor-US sanctions against the tralia. company and its partners, the Russian Gazprom and the Malaysian Petronas.

in Qatar next year, in July. The two train, 5m tonnes a year Mobil operated Rasgas, Robert Corzine also fed by the North Field, also become dependent on and Yemen hope to follow its



South Korea under long-term contracts which have survived the financial crists in the market.

Oman is to join the club in 2000, also with exports to South Korea under long-term contracts from a Shell-operated two train, 6.6m tonnes a year plant. Korea Gas, the state owned importer, and several other Korean companies have a small equity stake.

In Yemen, a Total-led group, which includes the South Koreans Yokong and Hyundai, wants to build a 5m tonnes a year plant.

Qatar and Oman enjoy are advantaged by low gas costs. Consultants Gaffney, Cline and Associates put feed gas costs at between \$0.50-\$0.60 per million Btu (mBtu) for Qatar and Oman projects Iranian government, last while Yemen's \$1.20m/Btu is similar to the average costs tium, in spite of the threat of for south east Asia and Aus-The disadvantage for Mid-

dle East producers is their distance from east Asian A second plant is to start markets. Geo-politics may also be a problem. Japan, already dependent on Middle East oil, may not want to selling to Turkey and Oman

The presence of Korean equity points to the country's new weight in the LNG world. Assembled with this emergence was dramatic terms. LNG prices are linked to oil prices and past practice has been for cerlings and floors. These have been removed in the Oman and Rasgas Korean contracts with the developers keen to lock-in contracts and the Koreans driving hard bargains. Since then, oil prices have crashed and, should a low price regime continue. producers will hurt.

All this, combined with uncertainty as to when South Korea will commit again to new contracts, as well as Thadland's deferment of Oman LNG, make India a key to Mubile East producers' ability to meet longerterm output targets. A 5m tonnes a year plant for Qatar is proposed by Enron for sales to India.

Sales into the Mediterranean may also become important, Abu Dhabi already exports small vol-

21236B

asses

April 1990 September 1990 galage of E BANK STEEL

Problems in the pipeline

LNG's future is as a niche fuel rather than a direct competitor to piped gas

Present and potential LNG suppliers to Europe are keeping a close eye on developments in Asia amid fears that distressed cargoes from the region may soon be flooding into Europe.

So far, such fears have failed to materialise, with several Asian LNG producers seemingly content for the time being to reduce output rather than send surplus LNG cargoes across the world in search of buyers.

The Asian situation has exacerbated existing uncertainty about LNG's eventual role in Europe. The Continent is already well served by large-scale gas pipelines from Russia, Norway and Algeria. Over the next few years four additional export pipelines - each of which will be capable of transportyear - will boost gas supplies to Europe.

Such a large infusion of gas could put considerable pressure on European gas prices, says Jonathan Stern, vice-president of Gas Strategics, a London-based induscould make life even more difficult for would-be LNG suppliers to Europe, who generally need a premium over pipeline gas prices to justify serving the conti-

nent's remote markets. At present the main European LNG markets are found around the Mediterranean, or in pockets where pipeline supplies have yet to penetrate. Turkey. Spain, Italy, Greece and Portugal are

فالمنا للمستخلف والمستخلف والمستخلف والمالي والمالية والمالية والمتالية والمتالية والمتالية والمتالية والمتالية



Out of Africa: Nigerian LNG is destined for Europe

seen as the most attractive LNG markets, as they are furthest from the main gas pipelines, which are almed at the industrial heartland of Germany.

that projects will be realised. Italy is a case in point. Several years ago Enel, the big Italian electricity generator, concluded a deal with Nigeria Liqufied Natural Gas ing 15bn-20bn cubic metres a (NLNG) to buy large volumes for use in its power plants. But environmental opposition to the construction of a receiving terminal and regasification plant prompted Enel to try to back out of the deal. A compromise was reached last year try consultant. And that when France agreed to accept the Nigerian LNG at one of its receiving terminals and make an equivalent amount of pipeline gas avail-

able to the Italians. The perceived difficulty of building new receiving terminals in Europe is such that ENI, the partially privatised Italian energy group, last year suggested that floating terminals may be the way forward in the Mediterranean.

But it is not just environmental concerns that make LNG's future role in Europe's energy mix probwhich were seen as natural buyers of LNG, such as But, in the case of LNG, demand does not guarantee Ireland, pipelines have stolen a march on LNG. That trend is expected to continue, thus leaving LNG Europe. Several companies with only isolated pockets of are looking at Zeebrugge, demand

Turkey may be the exception. Many international oil companies are vying to win a place in Turkey's gas market, which is growing rapidly on the back of rising demand for electricity and the growing industrialisation and urbanisation of the country.

At least five potential LNG suppliers have emerged, ranging from Middle East producers in the Gulf to Nigeria in west Africa and Egypt in the Mediterranean. Turkey is everyone's favourite market at the moment," says Mr Stern.

But, as much as Turkey welcomes the diversity of gas supplies that LNG offers, "they don't want to pay an arm and a leg for it", says

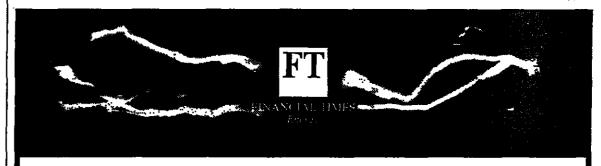
And Turkey is also the favoured destination for powerful pipeline suppliers. such as Russia and Iran. Once pipeline gas reaches Turkey it will look just like the rest of Europe," says Mr Stern.

There is considerable speculation about whether the planned liberalisation of Europe's wholesale gas markets over the coming years will boost LNG's prospects. Some see LNG playing a swing role during periods of peak demand. "It's a good fuel for niche markets," says Martin Houston, director of LNG at BG, the former Brit-ish Gas. "You can supply during periods of peak demand and hold off during the troughs. It's much easier to modulate supply from tank than from a pipe." But it is access to existing

receiving terminals that may be the key to using LNG as a form of peak storage in the Belgian North Sea port that is fast emerging as one of Europe's gas transportation hubs, which has an LNG terminal. But, says Mr Stern, Distrigaz, the Belgian gas company, bas "not acted like it wants to make money like that".

And it is gas prices, rather than market liberalisation, that will probably have the greater influence on LNG's future in the region. Mr Stern says a collapse in pipeline prices from present levels of around \$2.20-\$2.30 per million BTUs, to as little as \$1.50 per million BTUs could trigger a wave of independent power projects keen to lock in to low cost fuel supplies. The question then is whether even the most efficient LNG producer could

compete in such a market



Global Electricity

Key management reports from FT Energy

With an unparalleled track record of providing strategic information on the worldwide energy sector, FT Energy publications are renowned throughout the industry as vital components of key decisions. The global electricity portfolio is no exception.

As the world electricity market undergoes fundamental changes, FT Energy brings you 13 strategic reports to keep you up to date with the latest developments. To order your reports, simply complete and return the form below by fax to +44 (0)171 896 2275, or call us on +44(0)171 896 2241.

☐ Global Electricity Company Profiles (Dec 197)	\$295/US\$472	☐ Electricity in Southern Africa (May 196)	0350/US\$560
☐ Electricity in Europe (2 volumes) (Sept '97)	£495AU\$\$792	□ Global Private Power Generation מפי עשאן	£295, US\$632
☐ Electricity in Germany (Sept 197)	2385/US\$632	Power in the Philippines (New 1981	£405/U SS650
☐ Bectricity in Spain (oa 97)	£395/US\$632	☐ Power in Theiland (May 198)	£405 US\$650
☐ Bectricity Deregulation in		□ IPPs in Asia µuly 197)	03688U-5042
North America (June 98)	£395/US\$632	☐ The Future Energy Utility Company to a 989	£350/US\$560
☐ Electricity Generation in Latin America (Nov 99)	£285/US\$456	☐ Investing in Hydropower (Nov 197)	£395/US\$632
Payment Details		Address Details	
–			

Payment Details		Address Details
Please diabit my credit card. VISA MASTERCARD Card No: MASTERCARD Expliny Date: MASTERCARD Signeture EU compenies (except UK) must a numbers to evoid extra charges: DR I enclose a cheque made psyche to FT Energy for the such		Name: Position/Title: Company: Address: Post/zip code: Country: Telephone: Fasc: The information year provide will be hald by us and seed to leep you informed of Financial Times Business Lid produces and may be used by other selected quality companion for making (of purposes. Pennicial Times Business Lid. Registered office: slepto Houte, 149 Tothyrings Court Float Landor WTP SLL. Registered in England and Walcs number: 2022a. WCI registration No GES-78071
FAX	THIS FORM TO	+44 (0) 171 896 2275
in the unlinely event that , bu	Art for satisfied will your record	ACK GUARANTEE 1. returds an invenion publications, ensured in recolation condition by thin tevan more of records.
	PDER TWO OR THREE REP	ORTS AND CLAIM 15% DISCOUNT

Americas, 1320 Pearl Street, Suite 300, Boulder, CO 80902, USA, Tel: +1 303 444 7788 Ferc +1 303 444 1266

Mulderland Angel &

